



THE MEAD EDUCATIONAL TRUST

FINANCE POLICY

This Finance Policy encompasses the following previously individual policies:

Virement Policy
Declaring Business Interests Policy
Charging and Remissions Policy
Best Value Statement
Procurement Policy
Use of Credit Card Policy
Disposal and Write off Policy

Please also refer to:

Expenses Policy
Reserves Policy
Investment and Cash Management Policy
Anti-Fraud, Bribery and Corruption Policy
Whistleblowing Policy

Effective for all Academy academies within The Mead Educational Trust, the Teaching School, the SCITT and all other activities under the control of the Trust and reporting to the Trust Board

FINANCE POLICY

Monitoring, Evaluation and Review

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This Finance Policy is updated annually in July/August when the new Academies Financial Handbook is normally published with an effective date from 1 September. This policy will need to be updated in line with the new Academies Financial Handbook each year.

Version	Date	Author	Reason for Change
V1.0	17.08.2015	DWY/SCA	Review of policy to reflect conversion to MAT
V2.0	21.09.2015	DWY/SCA	Review of roles
V3.0	24.09.2015	DWY/SCA	Amendment of Framework section, further ensuring business continuity.
V4.0	11.03.2016	DWY/CJO	Amendments to policy following meeting with Clear and Lane. Removal of Whistleblowing Policy; making Whistleblowing Policy a standalone document.
V5.0	22/08/2016	DWY	Policy update following release of AFH 2016; update of Procurement Policy; amendment of job titles. Revision of Charging and Remissions Policy.
V6.0	September 2017	DWY	New sections such as 'Forward' and extensive changes based on actual experience of operating as a Trust for almost two years
V7.0	September 2018	DWY	Change name and logo for the Trust Updated in line with AFH 2018 Removal of responsibilities for Deputy Chief Executive Officer (DCEO) Income section (P12) includes new funding formula Review of Virement Policy (P14) Improved definitions in the quotations section (P19/20) Improved definitions in the routine purchasing section (P24) Minor other changes
V8.0	September 2019	DWY	Updated in line with AFH2019

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Within this policy there may be references to Principals or Academy Principals. Where these designations are seen it is understood that the lead manager for both the Teaching School and SCITT are equally accountable

Within this policy there may be references to Business Manager(s). Where this designation is seen it is understood that the financial lead for both the Teaching School and SCITT are equally accountable

Within this policy there may be references to an Academy or Academies in all instances please equally read as School or Schools

In respect of all academies there may be references to tasks performed by Business Managers, in cases where any location also employs an Office Manager these tasks can be shared

Forward

The Academies Financial handbook 2018 has been released by the ESFA (Education and Skills Funding Agency) and takes effect from 1 September 2018.

This handbook is a key document that sets out the financial framework for academy trusts reflecting their status as companies, charities and public bodies. It balances requirements for effective financial governance and management of funds, with the freedoms needed over their day-to-day business.

Compliance with the handbook is a requirement in trusts' funding agreements with the Secretary of State and we recommend that you take the time to review the updates.

The key changes are listed on pages 6 and 7 of the full report, but here are a few worth highlighting for your attention:

- Updated information about **trustees** including emphasis on robust **governance** [1.11]
- More about the **clerk to the board** [1.38]
- Links to information on **good estates management** [2.14]
- More about the requirements for producing **management accounts** including what they contain [2.18, 2.21 and 2.23]
- Explaining the board's review of **executive pay** includes other payments/benefits to such individuals [2.30 and 2.31]
- More information on **gender pay gap** reporting [2.32]
- More about ensuring senior employees are **on payroll** [2.33]
- Mandating a **risk register** [2.36]
- More about **whistleblowing** [2.41 to 2.46]
- More about notifying the Department of **information about key individuals**, including **contact details for all members and trustees** [2.51 to 2.55]
- Additional information to maintain **internal scrutiny** over controls and risks, including the role of the **audit committee**, and a new requirement to send an annual internal scrutiny report to ESFA [3.1 to 3.22, and 1.17]
- Emphasising trusts' **audited accounts** must be provided to the members [4.4]
- Emphasising the need for prior **ESFA approval** for certain financial transactions [5.1]
- Providing additional clarification on the reporting and approval of **related party transactions** [5.40 to 5.43]
- A requirement for trusts under a **financial notice to improve** to publish it on their website [6.15]
- Listing the delegated **authorities revoked** if under a financial notice to improve [6.17]
- More about how the Secretary of State may intervene over **concerns about an individual** managing an academy trust [6.19 to 6.23]

- Further **links** to supporting guidance so navigation is easier.

NOTE: The references are those within the AFH (2019)

In addition to “**the musts**” the Academies Financial Handbook includes a number of “**shoulds**”. These are regarded as minimum good practice, where there is no absolute requirement, but which ESFA expects trusts to apply unless an alternative approach exists that better suits the trust’s circumstances.

In the foreword to the handbook, Lord Agnew writes.

Having a strong system of financial management and control is essential for any organisation. It enables you to plan, to keep objectives on track, and to report transparently to stakeholders.

I have great admiration for those of you running our schools and making the important spending decisions that support our young people. In recent years, we have sought to help you by setting out the principles of good financial management in the Academies Financial Handbook. This latest edition provides you with additional information in some key areas.

Regular internal scrutiny of your own controls, and making small but progressive improvements, is a powerful way to help maintain good financial management. We are including some new material about internal scrutiny, explaining how to organise your checks, highlighting the important function of the audit committee in overseeing this work, and the benefits of good reporting so that weaknesses are addressed. Internal auditors can support you. The handbook also requires you to send ESFA an annual summary of the findings and conclusions from your existing programme of internal scrutiny. Please familiarise yourself with these requirements.

Oversight and appraisal, whether in relation to financial or educational performance, is a core function of the trustees. The new financial handbook explains the key features of effective governance, for you to follow. Look at the Department’s Competency Framework for Governance for more information. I am also keen to promote the benefits of a knowledgeable clerk to the board to provide trustees with expert advice. Please consider the additional material in the handbook about this.

Ensuring the board has regular information about the trust’s budget is vital. This underpins its ability to make informed financial decisions. As well as describing the documentation the trustees need, the handbook emphasises that prompt action by the board will be necessary where concerns arise. It is crucial to avoid a cumulative deficit budget as this would threaten the trust’s long-term viability and breach its funding agreement.

Whilst the handbook brings the essential requirements together, there is a range of other guidance available to promote good practice. This year we include clearer references to these resources. Both the handbook and important additional guidance have been developed with the help of academy business managers, auditors and other sector organisations. I remain grateful for the commitment and the insight that you offer to us.

I am keen that this handbook is continually improved and so welcome input from any of our stakeholders.

1. PURPOSE AND SCOPE

This policy is in addition to the requirements of the Academies Financial Handbook (Academies Financial Handbook) as updated annually by the ESFA. All Trust Members, Trustees, Executive Team, Principals, Local Governing bodies, finance team members and key budget holders with authority over use of funds are required to read the Academies Financial Handbook at least annually after its update and to be familiar with its contents, which have the force of law for the Trust. In the event of any conflict between this policy and the Academies Financial Handbook, it is the Academies Financial handbook that must be adhered to and this policy must be updated to bring it into line.

The purpose of this policy and associated procedures is to ensure that The Mead Educational Trust (TMET). “The Trust” maintains systems of financial control which conform to the requirements of propriety and of good financial management.

Academy Trusts are companies limited by guarantee and, under the terms of the Academies Act 2010, exempt charities.

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook published by the Education and Skills Funding Agency (ESFA) and the requirements of the Master Funding Agreement (FA) between the Secretary of State of the Department of Education (DfE) and TMET.

The Trust must ensure economy, efficiency and effectiveness in the use of its funds.

This policy includes other specific financial policies which ensure delivery of these principles; anti-fraud policy, declaring business interest, charging and remission, best value, use of credit cards, disposal and write off, procurement, virement and whistleblowing.

This policy applies to the Trust, including all **TMET** Academies, the Teaching School, the SCITT and any other activities under the ultimate control of the Trust board and adherence to its principles and procedures is mandatory for all Trustees, Local Academy Councillors and staff.

2. ORGANISATION

The Trust has defined the responsibilities of each function and person involved in the financial administration of the Trust to provide a framework of accountability in accordance with the scheme of delegation.

2.1 The Board of Trustees

The Board of Trustees has wide responsibilities defined under statute, regulations and the FA. These are set out in the role of the Trust and its governance arrangements. These include:

- Agreeing the long term financial objectives of the Trust;
- Being familiar with the contents of the Academies Financial Handbook (Academies Financial Handbook) to a sufficient degree to ensure full compliance;
- Ensuring that Grants from the DfE are used only for the purposes intended;
- Delegating each Academy's budget to the Local Local Academy Council (LGB);
- Delegating day-to-day financial management of the trust to the Chief Executive Officer (CEO);
- Approval of the annual budgets and any material changes;
- Receiving reports on the expenditure against budget;
- Making decisions on actual financial requests from LACs and committees;
- Appointment of auditors;
- Appointment of internal auditors;
- Reviewing the reports of auditors;
- Authorising contracts according to approved limits;
- Approval of the annual accounts;
- Designating in writing its Accounting Officer, being the chief executive or executive principal of the Trust in line with 1.5.18 of the Academies Financial Handbook;
- Appointment of the Chief Executive Officer, Principals and the Chief Financial Officer in line with para 2.1.10-2.1.12 of the Academies Financial Handbook;
- Agreeing the membership of the Local Governing Bodies, Finance and Audit committee annually including the chairperson;
- Reviewing annually the Finance Policy, other associated policies and Scheme of Delegation;
- Reviewing annually the terms of reference of Finance and Audit Committee;
- Approval of any companies, subsidiaries or joint ventures.
- The Academies Financial Handbook clarifies that the Trust must not have de facto trustees (as defined in appendix 1 of the Charities SORP2015) or shadow directors (as defined in section 251(1) of the Companies Act 2006)

2.2 Finance and Audit Committee

The Finance and Audit Committee will meet at least termly. Additional meetings will be held as and when required.

It is appointed by the Trust and provides Trustees with an independent oversight of the Trust's financial affairs.

The responsibilities include:

- Recommendation to the LGB to approve the annual budget plan in ESFA format, with supporting detail sufficient for detailed monitoring of each area of activity;
- Keeping under review the actual financial performance compared with the annual budget plan and the remedial actions taken;
- Review of budget to actual performance based on up to date financial reports with a predicted outcome for the end of the financial year to be undertaken at least termly by the Finance Committee (and then a summary report to be prepared and presented to the Trust board).
- Receiving and commenting on the audit reports prior to further consideration by the Board of Trustees;
- Reviewing the insurance schemes;
- Oversight of financial risks to the Trust;
- Ensuring that all aspects of the Academies Financial Handbook are adhered to within the Trust.
- Detailed consideration of Internal Audit Reports, annual statutory financial statements, annual statutory audit, the Appendix of Weakness (and the Trust's responses to it), the Teachers' Pension Scheme audit and any other reports to government or funding bodies. N/B subject to ongoing review;
- Undertake a quarterly programme of reviews (Internal Audit) to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Trust. A report of the findings from each visit will be presented to the Trustees. Detailed guidance on the transactions to be checked is outlined in the Academies Financial Handbook.

The Academies Financial Handbook confirms that a separate Audit Committee is only compulsory in organisations with a turnover in excess of £50M. All other Trusts have flexibility to establish either a dedicated audit committee or to include the functions of an audit committee within another committee. The current model at The Mead Educational Trust is for a combined Finance and Audit Committee, however, there is the possibility that a review of governance that is in progress may lead to a change in this position

TMET operates with a separate Pay and Remunerations Committee

The Academies Financial Handbook notes that: 'staff employed by the trust should not be members of an audit committee, but may attend to provide information and participate in discussions' and 'where the trust operates a combined finance and audit committee, staff may be members but should not participate as members when audit matters are discussed; they may remain in attendance to provide information and participate in discussions'

2.3 Internal Audit

The Internal Auditors are appointed by the Board of Trustees (through the Finance and Audit Committee). The main responsibilities of the Internal Auditors are to provide the Trustees with independent assurance that;

- The financial responsibilities of the Board are being properly discharged;
- Resources are being managed in an efficient, economical and effective manner;
- Sound systems of internal financial control are being maintained;
- Financial considerations are fully taken into account when reaching decisions;
- The risk of fraud or financial irregularity is reduced through a proportionate internal control environment ("first line of defence") and effective management oversight ("second line of defence");
- Providing a report of the findings to the Finance and Audit Committee.

2.4 External Audit

The External Auditors are appointed by the Board of the Trust (through the Finance and Audit Committee). The main responsibilities of the External Auditors are to provide the Trustees with independent professional assurance that;

- The financial responsibilities of the Board are being properly discharged;
- Resources are being managed in an efficient, economical and effective manner;
- Sound systems of internal financial control are being maintained;
- Financial considerations are fully taken into account when reaching decisions;
- To provide the Board with the Annual Account and Appendix of Weakness for submission to Companies House
- To provide professional support and advice
- To support the completion of VAT returns
- To support the preparation of mid-year accounts where required

2.5 The Chief Executive Officer

The CEO is the Accounting Officer with responsibility for the propriety and regularity of the public finances for which they are answerable. The responsibilities are outlined in the Academies Financial Handbook and include:

- The initial review and authorisation of the budget;
- The regular monitoring of actual expenditure and income against budget;
- Ensuring annual accounts are produced in accordance with the requirements of the ESFA Accounts Direction and the Companies Act 1985;
- Ensuring that the regular reports to the Board are full and accurate;
- Authorising orders, payments and awards of contracts within approval limits;
- Authorising changes to the Academies' personnel.

More detailed guidance on the role of the Accounting Officer is set out in chapter 3 of HM Treasury's Managing Public Money. HM Treasury's handbook, Regularity Propriety and Value for Money describes what the concepts mean in a financial context, it also describes the 'seven principals of public life' which must be adhered to.

2.6 The Academy Principal/Teaching School Director/SCITT Manager

The CEO/Accounting Officer has overall executive responsibility for all the Trust's financial activities. Much of the financial responsibility has been delegated to the Chief Finance Officer. The Principal has responsibility for;

- Approving new staff appointments within the individual elements of the Trust, except for those senior posts specifically detailed for the Board of Trustees in section 2.1;
- Approving monthly payroll reports prior to the salary payments
- Approving the budget prepared by the individual academy Business Manager
- Presenting and obtaining approval of the delegated budget through the local governance processes.

The roles and responsibilities for an Academy Principal may be subject to variation from the above points in some circumstances. For example, a sponsored academy joining TMET may not have all the above delegated authorities. This will be decided on a case by case basis and approved by the CEO

2.7 Chief Financial Officer

The Chief Financial Officer works in close collaboration with the CEO and is responsible to the Trustees. The main responsibilities of the Chief Financial Officer are:

- The management of the Academies financial positions at a strategic and operational level
- The maintenance of effective systems of financial control;
- Maintenance of key financial policies and procedures and responsibility to propose revisions to the Trust Board for formal approval
- Submitting grant applications, reports and returns to the DfE, ESFA, the Teacher's Pension Agency and HMRC;

- Ensuring that annual accounts are properly presented and adequately supported
- Overseeing the preparation of monthly consolidated management accounts;
- Virement decisions within agreed budgets, within Committees and Local Local Academy Council (LGB) delegated powers;
- Authorising orders, payments and the award of contracts within agreed limits.
- Reviewing and signing off all bank reconciliations prepared by the Finance Team on a monthly basis
- Identification and management of financial risk, along with input to the oversight of non-financial risk where there may be a financial consequence
- Monitoring the monthly budget reports and acting on overspends or risk, escalating to the CEO/Accounting Officer as appropriate.
- Review of the VAT return prepared by the Finance Team/external professional support

2.8 Academy Business Manager or equivalent

The Academy Business Manager works in close collaboration with the Chief Financial Officer. The main responsibilities of the Academy Business Manager are;

- The day to day management of financial issues, including budgeting and monitoring of all income and expenditure for the individual academy
- The preparation of monthly management accounts;
- Authorising requisitions and payments within agreed limits;
- Ensuring that all spend processed through purchase orders, non-order invoices, credit card and petty cash is affordable within the budget and where applicable meets all the criteria set out for the levels of evidence (three quotations for example)
- Monthly validation of payroll reports and ensuring these are approved by Principals

The roles and responsibilities for a Business Manager may be subject to variation from the above points in some circumstances. For example, a sponsored academy joining TMET may not have all the above delegated authorities. This will be decided on a case by case basis and approved by the CEO

2.9 Academy Staff

- Members of the finance team and budget holders have specific financial responsibilities;
- All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conforming to the requirements of the academy's financial procedures

3 CONFLICT OF INTEREST

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Members, Trustees, Local Academy Councillors of local governing bodies and staff with significant financial or spending powers are required to declare any financial or pecuniary interests they, or their 'close family members' as defined by the Academies Financial Handbook, have in companies or individuals irrespective of whether the Trust may buy or sell goods or services with them. N/B in the spirit of being transparent please disclose all conflicts of interest and note whether transactions have taken place with the individual. The register is open to public inspection. Where potential conflicts are declared, there should be a clear process for considering the declaration and recording whether any action needs to be taken to manage the conflict. In most instances this may just involve the Academy Principal. However, where more sensitive or significant issues arise the declaration may need to be considered by the Trust's Finance & Audit Committee.

The requirements of the Academies Financial Handbook with respect to trading with connected parties must be adhered to.

It is important that the Trust, Local Academy Councillors and staff not only act impartially, but are also seen to act impartially. The Trust, LACs, Committees and Academy staff have a responsibility to avoid any conflict between their business and personal interests and affairs and those of the trust and academies. There is a legal duty on all Local Academy Councillors to declare an interest likely to lead to questions of bias when

considering any item of business at a meeting and for the governor concerned to withdraw whilst the matter is considered.

3.1 Gifts

The Trust has a policy and register on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise their personal judgment or integrity; and should ensure that all members of staff are made aware of this. When giving gifts, the trust must ensure that the value of the gift is reasonable, is within the trust's scheme of delegation, the decision is fully documented, and has due regard to propriety and regularity in the use of public funds.

Any member of staff in receipt of gifts or hospitality over a value of £25.00 must declare this to the Finance Office for inclusion on the Gifts and Hospitality Register, even if they are not from direct/current trading links.

3.2 Register of Business and Pecuniary Interests

Trust & LACs

To help put this duty into practice, the Trust and Local Academy Council is required to establish and maintain a register indicating individuals' business/pecuniary interests. This should include, where applicable, the company by whom they are employed, directorships, significant shareholdings or other appointments of influence within a business or other organisation which may have dealings with the Academy.

The register includes an entry for all of the Trust Members, TMET Trustees, Local Academy Councillors, the CEO, the Principals, and the Clerk to the Local Academy Council.

- Individuals should include their own interest and those of any member of their immediate family (including partners) or other individuals known to them who may exert influence.
- The Academies Financial Handbook clarifies "The register must also identify any material interests arising from close family relationships between the academy trust's members or trustees, and relationships between members of the trustees and employees. These relationships include, but are not limited to, a child, partner, spouse or civil partner"
- The register sheet must be signed and dated by the individual and countersigned by the Chair of the Trust/CEO/Chair of the LGB to indicate that he/she has noted any declarations. This approval process should note any occasions where operational practices have been (or are to be) revised in light of the declaration in order to avoid any potential conflict that might otherwise arise.
- The Clerk to the Local Academy Council should ensure that the register is up to date and complete. Dated nil returns are also required.
- The forms must be renewed annually.
- Individuals must be made aware of the requirement to inform the Trust immediately should any relevant details change between annual form updates.
- The completed register will be kept up to date by the Trust Clerk, but retained in the TMET finance office made available on request to the Trust, Finance and Audit Committee, LACS, Principal, staff, parents, and auditors.
- The form completed by the Chair of the Trust should be countersigned by the CEO. The form completed by the CEO should be countersigned by the Chair of the Trust.

The register enables the Trust to demonstrate that in spending public money individuals do not benefit personally from decisions that they make.

The Academies Financial Handbook clarifies that in the interest of transparency, an academy trust must publish on its website up-to-date details of governance arrangements in a readily accessible format as well as certain details from the register of interests.

Other staff with financial responsibility

It is also a requirement for all individuals in a position to influence financial decisions within the Trust and academies, to complete a form declaring any business/pecuniary interests. These forms should be countersigned by the CEO and the Principal to indicate that he/she has noted any declarations. Where a staff member is also a Governor, Associate Member of the Local Academy Council or is Clerk to the Local Academy Council, their form should be countersigned by the Chair of the LGB who should bring any declared interests to the attention of the Principal.

Opportunity to declare interests at meetings

There is a standing agenda item at every meeting (including committee meetings) called “Declaration of Pecuniary Interest” to allow the Trust and Local Academy Councillors the opportunity to declare ANY interests relating to items on the agenda.

In any instances of doubt, the prudent approach would be to make a declaration.

4 INVESTMENTS AND RESERVES

The board of trustees may invest to further their trust’s charitable aims, but **must** ensure that investment risk is properly managed. When considering making an investment the board of trustees **must**:

- act within their powers to invest as set out in their articles of association;
- have an investment policy to manage, control and track their financial exposure, and ensure value for money particularly if using unfamiliar investment techniques;
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser;
- ensure that security takes precedence over revenue maximisation;
- ensure that all investment decisions are in the best interests of the trust and command broad public support;
- review the trust’s investments and investment policy regularly.

The Trust board must set or approve the reserve policy/policies of the Trust. The Trust is required to consider what level of useable reserves should be held and to set this at a quantified amount, to review this policy at least annually, to compare and to explain any difference between target reserves and actual reserves at least twice a year, in line with the discussion of the ESFA format budget and the approval of the annual statutory financial statements.

When entering into investments, the Trust will consider security, liquidity and yield in that order of importance:

- Security – protecting the capital sum invested from loss
- Liquidity – ensuring the funds invested are available for expenditure when needed
- Yield – available rate of return on investment

Effective cash-flow management is integral to optimal investment of surplus funds, e.g. in fixed-term deposits / investments or minimum notice accounts.

A separate and more detailed Investments and Reserves Policy is available.

5 CHARGING AND REMISSION

Overview

The statutory arrangements for the remission of charges cover parents/carers in receipt of Income Support, Family Credit, Jobseekers’ Allowance (payable under the Jobseekers Act 1995) or Disability Working Allowance charges in respect of Board and Lodging (section 2), materials (section 4), and activities outside school hours (section 6).

Those parents must receive full remission of Board and Lodging charges where the activity takes place out of school hours or the activity is necessary for a prescribed public examination or the National Curriculum. In other circumstances the school can make a contribution, depending on the family circumstances, to the cost of the visit, at the Principal’s discretion. The Principal may remit in full or part charges in respect of a pupil, as is reasonable in the circumstances.

The Principal may decide not to levy charges in respect of a particular activity, if it is reasonable in the circumstances.

Detailed Policy

In accordance with the Education Reform Act of 1988 and sections 449-462 of the Education Act, 1996 no charges are to be made for any books, materials, equipment or apparatus used during school hours.

The charging policy is applied in line with section 457 of the Education Act 1996 which e.g. allows charges to be made for residential school trips and artefacts made in school and taken home.

Voluntary contributions

Where an Academy cannot levy charges and it is not possible to make these additional activities within the resources available to the Academy, the Academy may request or invite parents to make a contribution towards the cost of the trip or activity. Students will not be treated differently according to whether or not their parents have made any contribution in response to the request or invitation. Where there are not enough voluntary contributions to make the activity viable, then it will not take place.

No student will be disadvantaged as a result of family circumstances. A remissions policy will be applied. The charges may be remitted in part or full as reasonable in particular circumstances.

Refund of surplus money

Where, after the visit, there is a financial surplus that is equal to £3 or more per place, money should be shared evenly between the contributors, unless written agreement has been received to the contrary. Smaller balances will be retained and earmarked to support future trips and visits

Specific examples of how the charging policy will be applied.

Educational day visits:

- No charge will be levied in respect of day visits that take place during school hours and are part of the curriculum.
- Visits for curriculum enhancement can be charged.

Residential visits:

- For those which are essential to the National Curriculum, preparation for prescribed examinations a charge will be levied for Board, Lodging and transport.
- For those which are not essential to the National Curriculum, statutory RE, preparation for prescribed examination a charge will be levied for the full cost if the amount of school time is less than half of the total time of the trip. If the amount of school time is half or more of the total time of the trip, a charge will be levied to recover costs.

Examination Entries:

- A charge will be levied in respect of examination entries for students where the Academy has not prepared the student for the examination;
- A charge will be levied in respect of examination entries for students where the Academy has prepared the student for the examination and it considers that for educational reasons the student should not be entered and the student's parent/carer wishes the student to be entered (or the student him/herself when over 18 years old). In these circumstances, if the student subsequently passes the examination, the Academy will refund the cost.
- A charge will be levied where a student fails without good reason to complete the requirements of any public examination where the Academy paid or agreed to pay the entry fee.
- A charge will be levied for student re-sitting an examination

Materials and Textbooks:

- Where a student or parent/carer wishes to retain items produced as a result of art, craft and design, or design and technology, a charge may be levied for the cost of the materials;
- In the case of Food Technology, students usually provide their own ingredients, however if the student forgets, a charge can be levied if ingredients are provided;
- Textbooks are provided free of charge, however in some subjects, additional revision guides are made available, for which a charge is made.

Music Tuition:

- The cost of peripatetic tuition is subsidised by the Academy;

- No charge is levied where music tuition is an essential part of the National Curriculum or a prescribed public examination syllabus followed by the pupil.
- Remission of RMS fees is available when parents receiving music tuition are in receipt of relevant benefits.

Out of School activities:

- No charge will be made for activities outside school hours that are part of the National Curriculum, or that form an essential part of the syllabus for an approved examination.
- If a student is prepared, outside school hours, for an examination that is not set out in regulations (the full list of which is available from the Academy), a charge will be levied for tuition and other costs.
- For all other activities outside school hours, a charge up to the cost of the activity will be levied.

Damage/Loss to property:

- A charge will be levied in respect of wilful damage, neglect or loss of Academy property (including premises, furniture, equipment, books or materials), the charge to be the cost of replacement or repair, or such lower cost as the Principal may decide.

Expenses

- The academy will expect parents to cover any costs involved in interviews at universities, work experience travelling expenses etc. A small fund will exist to assist families on low income levels. Application for such funding will be dealt with in the strictest confidence and any such application should be made direct to the Principal.
- A charge will be levied in respect of wilful damage, neglect or loss of property (including premises, furniture, equipment, books or materials) belonging to a third party, where the cost has been recharged to the Academy. The charge to be the cost of replacement or repair, or such lower cost as the Principal may decide.

Sale of items

- Departments throughout the academy may purchase items in bulk and sell at cost to pupils, including examination revision materials. Each academy will ensure that all income taken for these sales is fully recorded and prepared for banking at the earliest opportunity.

Other charges

- The Principal may levy charges for miscellaneous services up to the cost of providing such services e.g. copying a student's file.

The Academy welcomes extra funds raised by Parent Teacher Student Partnership groups and this income will be earmarked to purchase special items.

The Academies will make their facilities available to outside users at a charge of at least the cost of providing the facilities. Letting and hire of the Academies is conducted in line with each academy's individual Letting and Use Policy which includes a scale of charges.

Educational opportunities provided at TMET Academies during school hours are available to students regardless of ability to pay and that other activities are charged for in a fair and transparent way.

6 INCOME

In many respects Academies are funded on the same basis as maintained schools and receive annual funding allocations from the ESFA;

- All schools and academies receive most of their funding based on the total number of students. Student numbers are derived annually from the October school census (of the previous year) or the estimated school numbers, in the case of new academies, as stipulated in the funding agreement;

- Academies are funded through the Education and Skills Funding Agency (ESFA). They receive the same amount of money as the Local Authority (LA) schools in the area. This is calculated using an LA formula. The LA agrees the funding formula factors and rates in consultation with the schools Forum. It incorporates student-led factors such as basic entitlement, deprivation, prior attainment, mobility rates and English as an additional language (EAL). These factors are combined with others based on the institution, such as a lump sum for premises costs. This is the core budget and is received as the general annual grant (GAG);
- 2018-19 marks the first year of funding through the 'new funding formula'. This was initially intended to be a three year transition from the previous funding formula. This period has recently been increased and the full impact of the funding revision will not now be received until financial year 2021/22
- For the three years 2018-19 through to 2020/21 the Local Authority retains the power to redistribute the funding in accordance with its own priorities and as such, the full benefits of the new funding formula may not be received by the individual academies. The LA has applied this option in their allocation of the 2018-19 grant, with a total in the region of £950k top-sliced from the inward grant prior to the redistribution to schools and academies
- The notional Special Educational Needs (SEN) budget for academies is also worked out the same way as for local schools and is received directly from The LA. The formula usually gives more money to schools that have more students on free school meals and those that are not doing so well with English and Mathematics. It is recommended that the notional SEN budget is used to pay for up to £6,000 worth of provision to meet students' SEN. If it can be shown that a student with SEN needs more than £6,000 worth of special educational needs provision, the LA will consider providing top up funding to meet these needs.
- The ESFA provides funding for Academies from September to August, in line with the academic year;
- Academies receive extra funding, to cover the cost of services previously provided by the LA. This is allocated through the education services grant (ESG);
- Capital and pupil premium allocations are paid outside the GAG but directly from the ESFA. The pupil premium is additional funding given to publicly funded schools and academies in England to raise the attainment of disadvantaged students and close the gap between them and their peers;

As part of the reconciliation procedures, the Trust Business Manager will ensure that the monthly budget allocations to the Bank Account are made on time by the ESFA, and all other relevant agencies.

The Chief Financial Officer is responsible for ensuring that all other allocations of money due to the Trust are made on time by the ESFA and all other relevant agencies.

6.1 Cash and Cheque Management

Although cash and cheque collection is now kept to a minimum the following procedures apply when it is unavoidable:

- All income received should be recorded immediately and a receipt issued if requested
- All income shall be acknowledged by the collector to the payer, this will be by a system generated receipt. A receipt should always be issued for income in accordance with the scheme of delegation.
- When a receipt is issued a copy will be given to the payer and the duplicate copy kept at the Academy.
- All monies received must be retained securely, i.e. within insurance limits, and banked intact as soon as is practicable.
- All cheques banked must be entered on the bank paying-in slip and recorded in PS Financials (see below);
- For normal day-to-day transactions, the Academy Business Manager will be responsible for receiving income and banking of income.
- The Chief Financial Officer shall periodically check that all the monies due to the academies have been collected and banked.

Personal cheques will not be cashed from money received and due to the Trust.

The Academy Business Manager will ensure that all VAT on income is treated in accordance to the VAT manual.

7 FINANCIAL PLANNING AND REVIEW

The Trust and each Academy will prepare both medium term (3-5 years) and short term (1-2years) financial plans. The plans will be prepared having regard to all known needs of the Trust, the School Improvement Plans and the Asset Management Plan.

To encourage the consistent development of these budgets all academies use a single budget software package (Orovia)

At the individual academy level, the Academy Business Manager is responsible for working with the Principal to draft these. The Academy Business Manager and Principal are responsible for progressing these plans through the local governance of the academy, this may include the Finance Committee and the local Full Governing Board

There may be instances, a sponsored academy for example, where the local board do not have any powers to set budgets. In these instances, the budget will be approved by the Trust Finance and Audit Committee

The Chief Financial Officer will consolidate the agreed plans for each of the individual academies and add to these the budget details for the Central Trust Operation, Teaching School and SCITT to produce a full Trust budget plan

The Chief Financial Officer is responsible for establishing a schedule which allows sufficient time for the approval process (Finance committee, LACs and Board of Trustees) to ensure that the submission date to the ESFA for the resulting annual budgets is met. Submission to the ESFA only takes place at whole Trust level, the individual academies do not report as separate entities.

The ESFA Financial calendar details all the submission dates required and the Chief Financial Officer captures these, together with trust specific deadlines to provide the Business Managers and Principals with a detailed Operational Calendar

The annual budgets will reflect the best estimate of the Business Managers and Principals of the resources available to the Trust and Academies for the forthcoming year and will detail how these resources will be utilised. A balanced in-year budget must be set that captures the full range of income and expenditure for the academic year September through to August. Where this is not possible, the use of balances carried over from the previous year can be utilised, subject to any board approval of the use of reserves beyond the Trusts stated policy (see below).

The budget must be communicated to all staff with responsibility for budget areas (budget holders) so that everyone is aware of the available resources.

The CEO is responsible for ensuring approval of the budget by the Board of Trustees.

At the individual academy level, monthly reports will be prepared by the Academy Business Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Principal and Local Academy Councillors.

The Chief Financial Officer will prepare consolidated reports for the CEO and Trust Board based on the results from the individual academies.

The monitoring process should be effective and timely in highlighting variances so that differences can be investigated and action taken.

7.1 VIREMENT POLICY

The budget submitted to the ESFA in July each year must remain unaltered in PS Financials in terms of the reported value of the surplus or deficit for both the individual academies and the Trust as a whole.

It is not good practice to constantly tweak the budget to bring every line into a synchronised position with the actual costs and income processed. Differences between the budget and the actual expenditure or income can be extremely helpful and informative, they can show where an academy has had success in bringing in additional income or where they have managed to significantly reduce costs.

It is perfectly acceptable that where there is a difference it is explained with a note. As an example, a £5,000 project for refurbishments may have delayed and will now not happen in the financial year. The Business Manager and Principal have decided to use that saving to fund improved CDP opportunities. This decision would need to be reported to the Local Academy Councillors and recorded in minutes on the discussion on the financial performance, but it does not need a virement in the accounts.

In view of the information above, it will not be necessary for the individual academies to process any virements or change their budget in PS Financials

In order to maintain a budget for local information, Business Managers will use the scenario planning options on the budget software package (Orovia) that can fully integrate and download data from PS Financials

This section of the policy has been significantly amended for 2018-19 to reflect the Trust position that the budget submitted to EFSA will be the only budget uploaded to PS Financial in the year. No virements will be processed.

8 ACCOUNTING SYSTEMS

8.1 Accounting system

All the financial transactions of the academies, teaching school, SCITT and Central Trust Operations must be recorded on the PS Financials accounting system. The PS financials system is operated by the Finance Teams both locally at the individual academies and as part of central operations.

8.2 PS Financial Administration

The PS Financial Software allows users to be set up with appropriate access levels. Access to these setting is restricted to the central finance team.

These access levels can be used within the system to restrict access to the Nominals and Accounts depending on the roles of the users. The ability to create new nominal and account codes is restricted to the central finance team.

Authorisation of requisitions is currently a manual process that takes place outside of the available software. It is however the ambition of the Trust to introduce electronic approval routines as part of efficiency planning in the next twelve to twenty-four months

8.3 Transaction Processing

All transactions must be authorised in accordance with this policy.

In order to maintain a central record, all purchase invoices will be processed by the central finance team.

The local finance teams will be responsible for other day-to-day processing including requisitions, orders, sales invoice, petty cash and income

8.4 Transaction Reports

The Academy Business Manager will obtain and review system reports to ensure that transactions are posted to the accounting system correctly. The reports obtained and reviewed will include:

- Detailed nominal and account transaction reports
- Amendment reports for the purchase ledger, sales ledger and nominal ledger
- Management accounts summarising expenditure and income against budget at budget holder level

8.5 Reconciliations

Responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared rests with:

- Bank reconciliation, including a review of unreconciled items (Central Trust Operations)
- Sales ledger control account (Business Manager)
- Purchase ledger control account (Central Trust Operations)
- Payroll control account (Central Trust Operations)
- Petty cash control account (Business Managers)
- Credit card accounts (Business Managers)
- VAT control account (Central Trust Operations)

The BACS payment run is authorised by a member of Central Trust Operations or the local Business Manager. The payment is then only released from the bank following a second approval by the Chief Financial Officer. We operate dual password/keypad systems such that one individual cannot effect these payments.

Where cheques are raised, these are signed in accordance with the individual bank mandate

A complete audit trail is maintained on the PS Financial accounting which is routinely reviewed by the CFO

9 PROCUREMENT POLICY

All academies and maintained schools must carry out procurement as part of their daily activities. Procurement is the term used to describe the whole process of buying anything. This includes the first step of identifying what it is that you need, finding out what different suppliers can offer you, and then choosing, purchasing and using your goods or managing your services, right through to disposing of the used goods, or the end of the contract.

Academies and maintained schools, rely on public funding to carry out their work and meet their objectives. As such they have to understand and follow basic procurement rules whenever they spend that money. These rules aim to ensure that taxpayers' money is used in ways that are demonstrably open, fair, and good value. Understanding and following these rules and guidance will provide protection from being criticised for wasting public money or using it inappropriately. It will give all suppliers an equal opportunity to seek business and make competitive offers, and ensure that spending choices and decisions are transparent and defensible.

Poor procurement skills impact on the academy's ability to meet its objectives – bad spending decisions mean that the total budget simply won't go as far as it can and should. But they can also result in legal challenges, cancellation of contracts, financial penalties and damages, and loss of reputation. Suppliers who compete unsuccessfully for business can be especially keen to challenge the legality of the procurement process. Good procurement is simply a mix of common sense, planning upfront, and knowing and following the basic UK and EU legal requirements governing all public sector spending. From basic everyday purchases to the most complicated and costly one-off decisions - the key elements of good procurement are:

- Planning - taking the time up-front to get the information needed to make a good, informed decision
- Information – knowing and understanding the basics – such as the legal requirements that must be followed for any high-value spending. There is a requirement to obtain ESFA approval before any novel or contentious payments are made. The ESFA has made it clear in its regulatory publications that any spending on alcohol from any academy funds, for any amount is considered inappropriate for an academy. Other spending on expenditure such as staff entertaining is also often likely to be viewed as contentious depending on exact circumstances.
- Common sense - good judgment: for example, allocating more time to one-off high-value purchases, recognising when further help and advice is necessary, or having the confidence and experience to make the decisions. Procurement can range from the everyday, low-value purchases such as classroom supplies and cleaning products, right up to the highest-value, one-off purchases – a major refurbishment project, or letting a three-year contract for catering services. It will not be possible to subject every procurement process to the same level of scrutiny. The more public money being spent, the tighter the controls you need to apply.

Public procurement regulations cover three categories of spend:

- Goods – the term for actual products being purchased, such as stationery, equipment (e.g., IT, catering, furniture), vehicles
- Works – this refers to any building work, including new buildings, extensions, refurbishments or repairs.
- Services – the skills and expertise provided by individuals or companies. Examples include: IT installation and maintenance, catering services, grounds maintenance.

All public sector procurement - including schools and academies - must comply with the European Procurement Directive, which has been fully ratified into UK law. These Regulations are legally binding on anyone responsible for spending public funds, to safeguard the fair competition principles set out below.

UK procurement law protects five key principles:

- Equality - all suppliers bidding for public sector contracts must be treated equally.
- Non-discrimination - do not discriminate directly or indirectly against suppliers from another European Union state, or their workers.
- Transparency – all procurement of a sufficiently high value must be advertised, to make it possible for suppliers from across the EU to find out about the work and, potentially, bid for it.
- mutual recognition - all European countries must recognise professional qualifications, technical standards and similar accreditation issued by other Member States;
- Proportionality - the means should be proportional to the ends.

The principle of proportionality also applies to an academy's procurement activities. To help decide what steps are appropriate for different values of spending, schools, academies (and other public bodies) need to set and use procurement thresholds – financial limits, with the required procurement protocols set out and agreed for each item of expenditure below or above each threshold.

Propriety

It is essential that propriety is ensured in all financial business. This is necessary to protect the integrity of those involved in spending public money, and minimise the opportunities for errors or impropriety.

One key aspect of this is to avoid any conflicts of interest, which is detailed in section 3.

There must be a clear separation of duties within the academy's procurement and payment processes. The critical element is to ensure that the same person is not responsible for taking the decision to buy something and for authorising/making payments for that purchase.

Ideally a separate member of staff should be responsible for each of the four stages below:

- the authority to make spending decisions
- the authority to approve spending decisions
- certifying the invoice (checking to confirm the invoice details are accurate); and
- authorising payments

Must be even-handed in relationships with **connected parties**, and ensure goods or services provided by individuals or organisations connected to the trust are provided at **no more than cost** beyond the limits specified in the Academies Financial handbook

Data security

Be aware that data security and confidentiality are going to be key considerations when dealing with suppliers. In particular, where letting contracts with suppliers to provide services, it is likely that those suppliers will need access to personal data and those of the teachers and the students.

The Data Protection Act in Buying for academies: exemplar forms, templates and glossary should be included in all contracts where information is processed on individuals in any way either electronically or on paper.

The individual academies and the central trust teams must at all times follow the standards and expectations of the General Data Protection Regulations (GDPR) that came into force during 2018

The procurement cycle

Procurement is a cyclical process starting where the needs are assessed and the budget made available, and ending with receipt, use and eventual disposal of the goods and services paid for. Between those two points, the steps to take will vary, depending on the amount of money being spent and the relative importance of the procurement (i.e., how relevant this specific purchase is to the academy's ability to function). Basically, the more money being spent, the more care must be taken to ensure that the procurement is open, fair, transparent and competitive.

The procurement process overall aims to optimise outcomes and manage risk and strike a balance between the requirement to spend public money in the most efficient, effective and appropriate way, and the need to balance these procurement duties with the wider responsibilities and remit to meet the academy's overall objectives:

Low value procurement; most of the day-to-day, low value procurements does not require an elaborate competition process:

- Investigate and get to know the market;
- 'Shop around' to look for good-value deals;
- Comparison to local purchasing consortia, e.g. ESPO;
- Compare prices and options on at least three suppliers, by getting quotations (ideally in writing, by email or at least by telephone), where it is cost-effective and proportionate to do so (see quotations section later).

Medium and high-value procurements; the overall steps are broadly similar:

- Identify need - develop an initial briefing note based on current needs for goods, works or services;
- Make a business case for the procurement - the essential planning document for managing the whole procurement process;
- Define the procurement approach - consider the options for carrying out the procurement;
- Markets and suppliers – understanding the market, identifying potential suppliers;
- Carrying out some form of competition - tender and evaluation – advertising for bids, evaluating tenders, making the right choice;
- Comparing at least three potential suppliers;
- Using a process of impartial evaluation to choose the supplier who meets the requirements at the best value price;
- Letting the other suppliers know they were unsuccessful and if any supplier requests feedback providing it. Bear in mind that an unsuccessful supplier this time might be the best supplier for other business you have in future – and the better they understand how they failed to meet the needs this time, the more they will be in a position to make a better and more competitive offer next time;
- After notifying all the suppliers of the decision there is an obligation to do nothing at all for a period of ten calendar days. This is known as the standstill period and is designed to give all the suppliers the opportunity to consider the decision and decide if they feel they have been treated unfairly and wish to challenge the decision in any way. Providing no challenge is forthcoming after ten days the contract can go ahead and be delivered;
- Awarding the contract – agreeing and signing the formal legal agreement, taking delivery of your goods or services;
- Contract management – to ensure the goods or services paid for, securing best value for money;
- Closure - lessons learned – at the end of the contract, what lessons will be taken forward to the next procurement.

The main difference between medium- and high-value procurements is the requirement to make the competition part of the process more formal and open, by advertising the business and considering all interested suppliers on the same open terms. This is tendering, which is described in more detail later on.

Frameworks

For any value of procurement, it is possible to use an existing framework agreement to identify and secure a competitive deal with a reliable supplier. Frameworks are a set of umbrella agreements that have been drawn up by another public sector body, such as Local Authorities and their public sector buying consortia, or by central Government Departments such as DfE and Crown Commercial Service.

These agreements are with a 'panel' of suppliers of similar goods or services. Suppliers on a framework are approved to provide certain services, with an assurance of competitive rates guaranteed, and with the basic legal and other checks (financial stability, track record, etc.) having already been carried out by the 'owner' body. These allow the placing of orders for goods, works or services. A 'mini-competition' amongst the relevant suppliers on a framework is usual but this is typically a quicker and simpler process than setting up a new contract from scratch. For example, within DfE the Project Management and Education Services Framework provides a select pool of suppliers with good experience in supporting the initial and ongoing work involved in Academy and Free School projects. By running a mini-competition within this framework, academies can secure the right professional services for their specific needs at guaranteed good rates, quickly and efficiently.

In the event of a critical issue arising where the continuity of business is threatened by following the full procedure above, the Chief Financial Officer has the authority to permit the individual academy to place an order through an existing framework or directly with an established supplier who has previously provided these services to the academy. This contract will be for no more than the minimum available period and will subsequently follow the full procedure at the next renewal date.

Markets and suppliers

Outside of frameworks, all procurement will involve researching and understanding the wider open marketplace of suppliers for the goods and services, and making a cost-effective, impartial choice within that market.

When several suppliers are competing, they will try to attract the available customers by offering good-value deals and discounts. One of the key ways to achieve value for money is through encouraging competition amongst potential suppliers, by making sure as many as possible are aware of the business and are competing to get it. And this is easier to do following some basic research and understanding the market, which will help to target potential suppliers, and identify the best value options. This process is called market sounding.

Supplier open days

Before committing to any procurement, a selection of suppliers can be invited to meet and give their collective input on the procurement project. This will help to raise supplier awareness of the new business opportunity. The aims of the procurement can be outlined directly, and the suppliers will be able to say what is or isn't feasible and what else needs to be considered.

Contract management

A contract should be managed over its lifespan. The contract manager, will take responsibility for ensuring that every aspect of the contract is functioning as planned and as effectively as possible. An example of good contract management is available on GOV.UK It covers service level agreements, getting value for money, contract renewals and how to draw up a content management plan.

Closure and lessons learned

This is the final step in the procurement cycle; the need to consider how to dispose of any goods that have reached the end of their useful life, or when any contract that is currently running comes to its end, and how to deal with the possible impact. For example, leasing equipment such as photocopiers – what happens when that contract ends? Or, with contracts for cleaning or catering services how long will it take to run a competition for a new contract?

Exit strategy

An exit strategy is a plan for ending a contract earlier than originally intended. It outlines what actions need to be taken by the organisation at that point. Every project must have one.

The exit strategy must include contingency plans. For example, if a supplier goes out of business, what will the academy do to ensure services are still received?

End of contract review

At the end of a contract a formal review, taking on board the views of stakeholders and users of the product or service should take place. Then update the business case with lessons learned during the life of the contract. Anyone managing similar procurements in the future can take these into account.

Managing the end of the contract process

If future arrangements require a full procurement process, then adequate time must be allowed for this to happen. For example, if you need a new canteen supplier, the procurement process must start before the old contract expires, or there will be the potential to be without a canteen services until the new contract is put in place.

Requisitions and Quotations

The following evidence is expected from each of the individual academies:

Primary Academy

Threshold	Business Case	Specification	Selection Criteria	Minimum no. of Quotations	Approved by
Call off orders	Not required	Simple instruction	Not required	1 (if appropriate)	BH
Up to £1K	Not required	Simple instruction	Not required	1	BH and BM
£1K to £5K	Not required	Outline specification	Outline criteria	3	BM or/and PR
£5K to £20K	Required	Detailed specification	Detailed criteria	3	BM or/and PR and LGB
Over 20K	Required	Detailed specification	Detailed criteria	3-5 using tender procedures below	BM or/and PR and LGB

Allowing for the turnover for Teaching School and SCITT, they will follow the table above in line with our primary academies

Secondary Academy

Threshold	Business Case	Specification	Selection Criteria	Minimum no. of Quotations	Approved by
Call off orders	Not required	Simple instruction	Not required	1 (if appropriate)	BH
Up to £1K	Not required	Simple instruction	Not required	1	BH and BM
£1K to £10K	Not required	Outline specification	Outline criteria	3	BM or/and PR
£10K to £40K	Required	Detailed specification	Detailed criteria	3	BM or/and PR and LGB
Over 40K	Required	Detailed specification	Detailed criteria	3-5 using tender procedures below	BM or/and PR and LGB

Key: BH – Budget Holder

BM – Academy Business Manager

PR – Principal

LGB – Local Local Academy Council

The 'approved by' section in the above grid has been amended in 2018-19 to clarify that where an order is signed by the Principal, it does not always have to be also signed by the Business Manager. It should also be remembered that in many instances, the Principal may be the only budget holder in a primary academy. The Principal approval on an order (on its own) is sufficient to evidence full approval and compliance with this policy

Approval criteria may differ between the various academies, but even in circumstances where the Local Local Academy Council has delegated full approval rights to the Principal, it is good practice that any order reaching the values quoted above (where LGB is indicated) are reported to the next available Finance Meeting or Full board meeting and recorded in minutes that Local Academy Councillors are aware of the spend being made.

The threshold levels may vary depending on the status of the various academies, a sponsored academy for example may have significant lower levels of approval. These levels will be set by the CEO and CFO and those setting will take precedent over the values in the table above

In instances where the LGB has no financial powers, in a sponsored academy for example, the replacement authorisation will come from the CEO or CFO and be reported to the next meeting of the Trust Finance and Audit Committee

The differentiation in the levels for primary and secondary academies takes into account a proportional relationship to the total budget available.

The 'threshold' value in the tables above will be based on the whole life cost of the requirement. As an example, if it is a service/contract that relates to a three year period at £4K a year the whole life cost would be £12K and the requirements for quotations must be based on that value.

There will be exceptions to this guidance, including, utility charges, local authority business rates and supplies/services specific to a single or limited number of providers. If in doubt, the Academy Business Manager should seek advice from the Chief Financial Officer.

If for any reason the minimum number of quotations have not been received in accordance with the details specified above, this must be recorded on the purchase order and signed by both the Academy Business Manager and Principal. Similarly, it is prudent for express approval to be evidenced on occasions where quotations are received but a quote other than the cheapest is subsequently being pursued (i.e. the rationale behind any decision to not take up the cheapest quote).

Best Value

The Trust is committed to achieving Best Value for Money from all purchases. A large proportion of purchases will be paid for from public funds and must comply with the principles of

- Probity; it must be demonstrable that there is no corruption or private gain involved in the contractual relationships;
- Accountability; public accountability for expenditure and the conduct of its affairs;
- Fairness; that all are dealt with fairly and equitably.

The principles of Best Value are applied to securing continuous improvement and will ensure:

- All services are of a high quality that provide good value for money, meet the needs of their users and contribute positively to the general ethos of the academy;
- Resources are deployed to secure the continuous improvement in the means through which the Academies functions are exercised;
- All expenditure is relevant to the School Improvement Plan and is regularly reviewed;
- Due consideration has been given to Post OFSTED Inspection Plans (if applicable) in compiling the academy budget;
- All premises/supplies and services' contracts agreed by the Academies are reviewed periodically and are the most effective, economic and efficient that are;
- The Trust aims to ensure that it is a well-managed organisation that supports and values the contribution made by its workforce.
- The Trust will not enter into any Finance Leases as these agreements technically constitute borrowing which the ESFA does not allow unless approved by the Secretary of State
- Every proposed lease must be approved by the CFO prior to placing any order
- Leasehold or tenancy agreements can only be entered into in line with the limits and permission detailed in the Academies Financial Handbook.
- There may be instances where purchases of core services such as utility charges are regulated as a single supply across a number of different locations.
- The Trust must report on how the academy has secured value for money annually in its financial statements.

Appropriate authorisation limits are reviewed annually and approved by the Trust.

Whilst the Trust and its academies will take proportionate measures to seek good prices, e.g. comparative quotations, it is recognised that value-for-money is not simply about cost but is a combination of cost and quality.

The academy trust **must** obtain ESFA's prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- writing-off debts and losses
- entering into guarantees, letters of comfort or indemnities

The delegated limits, subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two financial year

Tendering

The individual academies and other operating areas within the Trust will use a full tender process where the whole life cost of the required service or and goods exceeds £20,000 in a primary academy and £40,000 in a secondary academy.

For any significant values of public sector procurement spending, it's vital that your actions and choices are open, transparent and fair, and that the best possible value for money decision is reached.

The tender process must be transparent so all bidders have equal access to the same information in the tender – the specification, process and timetable, the evaluation criteria, and their weightings. This helps to get high quality tenders, and ensure the process is fair to all involved.

Any conflict of interest must be avoided – there should be no personal or professional relationships between the people who assess and score the tender, and any of the potential bidders.

Making an inefficient choice when buying a box of pencils is relatively harmless: the pencils cost little and will soon be used up, leaving you free to learn from experience and make a better choice next time. Making an inefficient choice when awarding a contract for reprographics equipment can mean losses of thousands of pounds, as well as being locked into a costly contract that might run for years. And unsuccessful suppliers may seek to challenge the decision if they think there is any suggestion that it was not impartial.

The procurement solution is to use a tendering process when making some medium and all high-value purchases.

Tendering is the process of selecting the best supplier from a range of potential suppliers, by advertising the requirements, seeking offers (also known as bids or tenders) and evaluating these on the basis of pre-set criteria that are applied equally to all potential bidders.

The usual steps involved in running a tender are:

- **Plan the tender**
- **Draw up the specification** – the outcome that is required by spending this money. The specification is the description of exactly what is required. The better and clearer, the more likely that all the important elements are covered, and the solution will meet the needs. The supplier's offer will reflect what is stated in the specification. Under-specifying requirements, may lead to extra charges for something that was not stated as a requirement up front. Over-specifying, may result in paying extra for something that was not really needed. Focus on needs – think clearly about what is needed, rather than what is wanted. This should help avoid over-specifying. Involve stakeholders in developing and signing off the specification – such as teachers, Local Academy Councillors, PTSAs
- **Advertise the procurement** – let the potential suppliers know. When advertising for suppliers there is a need to do this in places where the suppliers are likely to look. These may be local or national newspapers, specific websites or trade magazines. The advertisement must set realistic expectations

for potential suppliers. It must clearly explain the procurement, and let the suppliers know what information is required in their response. The evaluation process needs to be decided in advance; to choose, set and inform all suppliers of the criteria and weighting that will be used to score them. You cannot leave this until the bids are received, or change the criteria initially agreed after the start of the tender.

- **Shortlist suppliers.** If the requirement is particularly attractive to suppliers and the whole life cost may exceed £100,000, rather than scoring and evaluating a large number of bids in detail, a pre-qualification questionnaire (PQQ) can be used. The PQQ is a first-step evaluation, taking place before the later weighted evaluation process. It asks all interested suppliers to set out some basic critical information about themselves, by replying to the questionnaire. Questions you might put in a typical PQQ could include: financial stability – does the supplier have an established pattern of turnover in recent years; track record - can they prove that they deliver; relevant experience - have they completed similar projects for similar organisations in the past; capacity - do they have the resources to carry out the work. This can be used to filter out suppliers who will not be right for this particular procurement, no matter what bid they might make. Although this means putting an additional step into the tendering process, the time and effort involved will pay off later, by having a much smaller, manageable number of bids to deal with at the full weighted evaluation stage. Evaluating a PQQ is much more straightforward than evaluating a whole bid, because the information is basic and given in a clear and consistent format. A limit on the number of suppliers that will be evaluated fully - so that, for example, only the five highest- scoring suppliers at the PQQ stage will go on to actually bid for the business and be fully evaluated.
- **Invitation to tender.** The identified suppliers are invited to tender by sending out an Invitation to Tender (ITT). The ITT is usually made up of several documents. Briefly it will include:
 - tendering instructions - advice for the suppliers on the project timescales and administration
 - Evaluation criteria – as described above, these will be used to evaluate the suppliers. A competent supplier will check the evaluation criteria and make sure they are providing the information on each of these criteria:
 - specification - the statement of requirements which will eventually become part of the final contract;
 - resourcing structure;
 - contract terms and conditions - these set out all the usual details about performance, monitoring, payments and remedies for failure to deliver under the contract's terms;
 - Pricing schedule - suppliers must complete a pricing schedule to show their proposed prices and expenses. The format of the form depends on the procurement project. Suppliers are requested to accept terms and conditions with minimal variation.
- **Evaluate the bids** – comparing and scoring each bid on a like-for-like, impartial basis. This is the process of deciding which factors are key when assessing the merits of each bid, for example price quoted, relevant experience of bidder, turnover of their company, how closely they meet the specification output: and deciding the relative weight of these factors. For example, is it more important that the bid is as cheap as possible, or that the bidder can deliver a sustainable outcome by using low-energy equipment. This provides a formal process of comparing elements of each bid in a fair way, and ensures that the successful bidder will ultimately be the one who can offer the best fit to those factors that are most important. Ideally, there should be at least three people who work separately to evaluate and score each bid, only comparing scores after they've completed all evaluations. It is seen as good practice to include a Governor/ Trustee as part of the evaluation process for the more significant values that are put out to tender. Any disagreements in scoring can then be discussed or aggregated and averaged, to produce an overall final score for every bid. The highest scoring bid is the successful one.
- **Award the contract** – notify the successful bidder (and the unsuccessful ones), agree the final contract terms, sign the contract. Before any contract can be signed, there is a compulsory “standstill period” of at least 10 days at the end of the process (allowing unsuccessful bidders to appeal if they think there has been non-compliant behaviour). All unsuccessful bidders, explaining briefly why they were unsuccessful must be written to. Each letter must include: the award criteria for the procurement, the reasons for your decision, scores for the unsuccessful bidder you're writing to, compared with the successful supplier, the successful supplier's name, the date when the standstill period is expected to end; and the contract date. Every contract is legally binding document on both parties. It is appropriate to seek legal advice on the contract before signing, especially for higher- value contracts.

EU thresholds

These are financial limits which apply to all public sector procurement across the European Union. They are set by the EU and revised every two years, and every EU country is required to comply with them. The EU thresholds place legal requirements on any public sector body where the value a specific procurement is likely to go over the respective limits ("thresholds") for goods, services or works.

The EU regulations ensure that ALL high-value public sector spending is fair, open, competitive and transparent. All proposed contracts above the thresholds must be advertised widely, open to tenders from all interested suppliers, and awarded without bias to the best-value bid.

Contract opportunities must be advertised in the Official Journal of the European Union (OJEU). The tender process must follow a strict timetable setting minimum time limits for each stage.

Technically, all spend over the EU thresholds is classed as either "Part A" or "Part B" procurement. Broadly speaking, "Part A" purchases are the more common kinds of goods and services (for example, vehicles and transport, telecoms and computers, cleaning and maintenance, consultancy and auditing). "Part B" are more specialist purchases – such as health, legal, cultural and sporting services – and education.

The procurement rules for Part B are slightly less complicated than for Part A – because the more specialist services classed as Part B are likely to have fewer potential suppliers and a smaller market, with less competition across the EU. So the Part B rules do not, for instance, require tenders to be advertised throughout the European Union. In practice, however, it may be better to treat all procurement over the EU thresholds as "Part A" procurement.

Managing the contract

Contract management is how to ensure that the supplier is delivering the contract requirements to specification and cost and that any shortfalls in performance are tackled effectively and quickly.

It is a joint responsibility between the academy and the supplier. A good contract manager builds and maintains a strong working relationship with the supplier and with all relevant partners and stakeholders, checking that the scheduled goods, works or services are being delivered on time and to the required standards set out in the contract.

He or she will be responsible for responding to changes in the wider marketplace or environment, and for addressing any problems as they arise, seeking resolution through informal dialogue as a first step. An effective contract manager will also seek to get better value out of the existing contract – by identifying incentives to encourage higher performance delivery from the supplier, or using cost-effective measures (for example, seeking discounts for very prompt payment of invoices).

9.1 Routine Purchasing

Budget holders will be informed of the budget available to them at the start of the financial/academic year by their individual Business Manager. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

Purchases invoices can originate in the two streams;

- Through the Purchase Ordering process - This will be the standard purchasing process
- Not through the Purchase Ordering process

The Academy Business Manager must recognise that the frequency and value of 'non-order invoices' could at any point in time seriously undervalue the expenditure reported on PS Financials and as such could reduce the accuracy and effectiveness of the values captured in these reports. There was a decision made in 2017 that Business Managers should try to keep these non-order invoices to an absolute minimum by raising estimated annual orders for a wide range of anticipated costs. This however distorted the management accounts as the full value of the orders, not just the element due to the specific date, was captured in the commitments from the date the order was raised.

This instruction is withdrawn for 2018 and in order to maintain the most accurate possible reporting outcomes the following will apply:

- The central trust team will continue to back-post invoices to the previous period for a maximum of ten working days. The exact closure dates will be advised to the academies during September each year.
- Academy Business Managers are responsible for accruals and prepayments at the end of each month and they must ensure that they capture any costs where the work is complete within the period but no order has been raised and the invoice has not yet been received.
- The central trust team will develop a list of expenditure that will be allowed to be processed as non-order invoices, this may for example include Gas and Electric amongst others
- All instances of non-order invoices outside of the agreed list will be checked by the Business Managers to ascertain the reason for the breakdown in communication, why the local finance team were not aware an order was required and remedial action taken to 'bridge the gap'. This should provide a mechanism for tracking the improvements you will make by improving communication and enabling orders to be raised at the point of commitment.
- Starting in September 2018, the number of non-order invoices processed by each academy will be reported as part of the monthly dashboard that is shared with each other, the Principals and the Executive Team.
- Evidence of approval for non-order invoices will follow the same criteria as set out for requisitions and quotations

Ordering

a. PS Financial Web portal

The requisitions are entered on the web portal by the budget holder or departmental assistants against the nominal accounts that have been assigned to them.

Finance staff and new suppliers are added on the approval of the Chief Financial Officer. These additions will only be entered by the Trust Central Finance Team. The web portal allows quotations and information supporting the orders to be attached to the order via a shared drive.

The goods are receipted at the local academy level by the Finance staff on the PS Financial Web portal after written confirmation is received from the Departmental Assistants or Budget Holders that the goods and services have been received.

The Web portal gives a Budget Holder report in real time actual to date, commitments, budget and balance remaining.

b. PS Financial Distribution

This determines the work flow and routes the requisition to its following stages in accordance with criteria pre-set on the PS Financial system – ability to create, move, amend or view only. The facility to undertake budget checks before orders are committed can be switched on via the PS Financial Distribution. The initial status of each user determines at what stage of the work follow the users can join the ordering process:

- Requisitions raised (REQ)
- Requisition authorised (REQAUT)
- Purchases Order Requisition (POREQ)
- Purchase Order Authorisation (POAUT)
- Delivery notes (GRN)
- Invoices (INV)

The Requisitions (REQ) are raised by the local finance team/departmental assistants and are converted to authorise Requisitions (REQAUT) with approval of the budget holder. When the local finance staff are satisfied that the supplier is appropriate; the correct nominal and account; that there is adequate budgetary provision and that quotations have been obtained if necessary they convert the requisition to a Purchase Orders (POREQ).

The authorisation of Purchases Orders (POAUT) is restricted to the Academy Business Manager, Principal, approved budget holder, the TMET Finance Manager and Chief Executive Officer.

The goods are receipted at a local academy level by the Finance Staff (GRN) on the PS Web portal and matched to Invoices (INV). Separation of duties is adhered to as the budget holders sign the Invoices as confirmation that goods and services have been received. If any goods are rejected or returned to the

supplier because they are not as ordered or are of sub-standard quality, the local academy Finance Office should be notified. The local academy Finance Office will keep a central record of all goods returned to suppliers. Before signing the invoice the budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the local academy Finance Office for processing. Budget holders must undertake these checks without undue delay and in any case within seven days of invoice receipt.

The workflow ensures that without the necessary authorisation at each stage of the purchasing process, by the approved staff, that the order will not progress to the next level.

c. PS Financial SENTINEL

This controls the email notification to the staff when requisitions are entered on the web portal based on the rules and criteria predetermined. The Budget holders receive email alerts when requisitions are entered against their budgets and if approved the local Finance Office staff in turn receive email notification of its authorised stage. Cancellation or non-approval or part approval is similarly communicated via the email with the supporting comments.

The PS Sentinel has financial limits for order authorisation and has facility to set dual / triple authorisation for large orders.

d. PS Financial Document Emailer

The authorised orders and sales Invoices are communicated to the Suppliers and Customers by email by the Finance Staff. It also allows remittance advices to be sent to suppliers once the BACS payment method goes live.

e. Cheques

The primary method of payment will be by BACS, it is anticipated that cheque payments will only be made in exceptional circumstances.

The cheque signatories are any two from the Trust's mandate and in accordance of the regulations contained in the scheme of delegation. The instances of manual cheques will be very low as all routine payments are made through BACs.

All cheques must be signed within 24 hours of the Academy Business Manager notifying the signatories that the cheques have been raised.

It is accepted that it is good practice for the person originating the cheque not to be one of the signatories on the cheque.

The Academy Business Manager is designated to control cheques and must ensure that:

- all cheques are securely stored;
- all cheques are entered correctly on the financial management system;
- spoiled cheques are marked as cancelled and retained;
- minimum re-order levels are established;
- a system of periodically ensuring that all cheques are properly accounted for, i.e. they are still in stock or have been used;

f. Discounts

If discounts are available for prompt payment, then payments can be made immediately, having taken into account any loss of interest that might arise. If not, cheques will be issued in accordance with the trading terms of the individual contractor or supplier. Due regard must be taken of the Late Payments of Commercial Debts (Interest) Act 1998.

g. Retention of Records

The Academy Business Manager must ensure that all prime records are retained for six financial years current year and stored in a secure cabinet (or similar) in a secure and logical manner. Electronic retention of

information, e.g. scanned invoices, will only be made after appropriate approval has been sought and in writing, e.g. HMRC, External Auditor, Internal Audit.

h. BACS approval and verification

A copy of the computer-generated schedule of BACS Payments will be retained within the Finance Department. Within each batch, at least one item will be checked back to the source documents and this check will be evidenced on the BACS report

The authorisation of BACS payments is a dual approval process, no single person can active a BACS payment

The approvers are registered with Lloyd's on-line banking and each person has an individual and unique 'Authenticator Card'. These cards are security password protected and cannot be used by any other individual. The authenticators are detailed on the mandate forms held by Lloyds Bank

The authenticators are not involved in putting invoices onto the PSF system, ensuring that there is a good level of security created by segregation of duties. All instances of authorisation are recorded within the on-line banking records

Copy invoices are not to be paid until exhaustive checks have been made to confirm that payment has not previously been made. References back to the original order are to be made in every case. Confirmation that such checks have been made is to be by endorsing the invoice "invoice not previously passed for payment" and signing.

Under no circumstances are payments to be paid against statements to suppliers.

Where appropriate, adequate checks are to be made that the contractors employed for buildings work – maintenance and repairs etc. – have Public Liability Insurance Cover, minimum value £5,000,000. It is the responsibility of the Academy Business Manager to ensure that this is complied with.

It is the responsibility of the Academy Business Manager to ensure that the conditions of the Construction Industry Tax Scheme are complied with.

Amendments to supplier standing information, e.g. bank sort codes and account numbers will be restricted to authorised personnel only. Periodically, the Chief Financial Officer will review system audit trails of changes to supplier standing information to gain assurances that amendments are valid.

i. Adjustment of order value

In most cases, the invoice value will match directly with that of the purchase order when it is being processed. There are occasions when the invoice value may be different (both higher and lower than the order value) and these include:

- carriage or delivery cost not included on the original order
- the order being raised with prices from a previous catalogue
- discount not being applied to the order

In circumstance where the invoice cost is lower than the order value the new price can be processed and the 'saving' will automatically be posted to the ledger code and account that was used on the original order

In circumstances where the invoice cost is higher than the order value due to the omission of carriage or delivery costs the new price can be processed and the additional charge will be automatically posted to the ledger code and account. It is likely that these will be relatively small amounts, usually under £20. Any value over this level should be checked and validated as being reasonable prior to processing

In circumstances where the invoice cost is higher than the order value due to the use of an out of date catalogue the new price can be processed and the additional charge will be automatically posted to the ledger code and account. It is likely that these will be relatively small amounts, usually under 5% of the total invoice value. Any value over this level should be checked and validated as being reasonable prior to processing

In any other circumstance, where the invoice cost is higher than the order value the new price can be processed and the additional charge will be automatically posted to the ledger code and account if the Trust Finance Manager or CFO recognise, understand and accept the reason for the difference

It should be regarded as good practice to advise the Business Manager of any significant changes, say over £200 to enable them to adjust for this on any locally held records

10 BANK ACCOUNTS

The transfer of business to a new banking provider must be authorised by the Board of Trustees who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing and BACS approval arrangements.

The Trust's bank and/or building society must be informed that the Trust's accounts must never become overdrawn.

Where the cash flow position is such that the bank account might become overdrawn, then the CEO has the authority to request from the ESFA an early advance of the monthly budget allocation. Confirmation that such a request has been made must be notified to the Chief Financial Officer, Trust, Chairperson of the Finance Committee at the next meeting, together with an explanation as to the reasons why and the additional cost to the Trust in terms of interest charged.

Investments were not a straight-forward option in the early life of the Trust, maintaining individual bank accounts and ensuring adequate levels of cash in each of them was complex and time-consuming. In April 2017 the Trust moved to a single main bank account.

The Trust has developed a separate and more detailed 'Investment and Cash Management Policy' and during 2017-18 has started a fledgling strategy for investment. This is presently restricted to deposit accounts provided by our main banker (Lloyds).

It is the intention to develop this investment strategy during 2018-19 through the Finance and Audit Committee

Direct Debits will only be made with the authorisation of any two signatories from the Trust's mandate.

For any Direct Debit authorisation over £5,000, then one of the signatories must be the CEO.

11 PAYROLL

The main elements of the payroll system are:

- Staff appointments;
- Payroll administration and payments

As part of the annual budget process The Board of Trustees will approve a staff establishment for the Trust and Academies.

The CEO and Principal have the authority to appoint staff within their authorised establishment, including supply staff, except for the Principal and the Chief Financial Officer whose appointments must be approved by the Trustees.

The roles and responsibilities for an Academy Principal may be subject to variation from the above point in some circumstances. For example, a sponsored academy joining TMET may not have all the above delegated authorities. This will be decided on a case by case basis and approved by the CEO

Changes to the staff establishment at an individual academy can only be made with the approval of the Principal who must ensure that adequate budgetary provision exists for the proposed change. Staffing changes that are likely to send the budget into an in-year deficit position must be approved by the CEO prior to any offer being made

Changes to the staff establishment within the Central Trust can only be made with the approval of the CEO who must ensure that adequate budgetary provision exists for the proposed change. Staffing changes that

are likely to send the budget into an in-year deficit position must be approved by the Trust Board prior to any offer being made

Changes to academy staff pay can be recommended by the Principal and approved by the CEO. This approval must be confirmed before any commitments are made in respect of the proposed increase

New appointments, any subsequent amendments to an employee's terms of employment and terminations of employment will be notified to the payroll provider by the local academy through the required means.

Staff overtime, and supply claims are verified by the Academy Business Manager and approved by the Principal.

The monthly payroll must be approved by the Academy Business Manager prior to salaries payment and after a proportionate review of the accuracy of the charges to the payroll. These payroll reports must also be signed by the Principal to evidence their authorisation to pay

The Academy Business Manager will ensure that the Staffing spreadsheets are up dated to take account of new appointments, amendments, terminations of employment overtime and supply claims. These spreadsheets should provide to the Principal and Local Board with details of the current month position and end of year forecast

Any payroll transaction relating to the Central Trust staff can only be authorised by the CEO or Chief Financial Officer.

The Trust must apply the requirements of the Academies Financial Handbook regarding non-contractual payments if an employee leaves, is made redundant, or is dismissed etc. ESFA permissions must be sought where required.

12 CREDIT CARD, DEBIT CARD and PETTY CASH USE

A limited number of credit cards will be issued for small value transactions. Trust and Academy credit cards can be used for purchasing online. An order should be raised and entered on the PS Financials system in the usual way. Credit cards should only be held by the authorised card holders and should be retained on the academy premises at all times. Monthly statements should be checked by the Academy Business Manager who should ensure that all documents supporting the payments are available. Further, it is the responsibility of the Business Manager to ensure that a VAT compliant invoice is received for every applicable transaction

Card transactions will be can be used in a number of situations, but especially:

- 'one-off' supplier payments where the time and cost of setting up a new supplier on the PS Financial system are unlikely to provide future benefit
- On-line payments such as the purchase of weekly food ingredients from a local store
- On-line payment for purchases through organisations such as Amazon that require immediate payment transactions

The card can be used for procuring goods or services from suppliers where there are demonstrable benefits to the use of cheques or BACS payments.

The credit cards are not a shortcut for avoidance of the purchase order routines. Business Managers must consider the invisible cost of the time involved in investigating online prices compared to placing an order with one of the thousands of suppliers already on the PS Financials system.

The credit card can be used over the phone, fax or secure internet site and all controls that would apply to a normal transaction to be adhered in the usual way.

Every card transaction needs to be authorised by the budget holder before the payment is made

Following authorisation, the transaction is processed by the local academy Finance Office Staff

The only debit cards in operation throughout the Trust are held by the Academy Business Manager/Principal and are used to withdraw cash to replenish the petty cash, a receipt must be taken from the dispensing cash point and signed by the Finance Office Staff when they receive the cash. This ensures that the cash is received and signed for by somebody other than the colleague using the card.

The Debit Card should be held in the locked safe on the Academy Premises at all times and the Academy Business Manager will be responsible for its security. The card is taken out of the safe only for the purposes of these cash withdrawals. If the card is lost or stolen the Bank and the CFO to be notified immediately.

The Debit Card can be removed from Academy premises by either the Academy Business Manager or the Principal for the purpose of withdrawing cash to replenish the petty cash float

The Debit/Credit card will only be used for business purposes, personal charge are expressly prohibited.

All balance on the Credit Card and paid through the bank by direct debit to ensure that they are cleared BEFORE interest is charged.

The debit card is linked directly to the academy main bank account and the withdrawal of cash will have an immediate impact on the balances of that account. The target for 2018-19 is that the balance in this account will be limited to two withdrawals of the agreed petty cash limits. The balances will be replenished following each cash withdrawal. Limiting the balance in this way reduces the risk of cash loss from this account

If there is a problem with the goods or services supplied, the supplier must be contacted immediately for a refund to the card or to obtain replacement.

Credit and Debit card use and limits will be reviewed annually.

The Trust will fall under the central VAT registration and will therefore apply the relevant VAT codes to each financial transaction in accordance with the VAT manual and guidelines.

12.1 Petty Cash

Minor items of expenditure can be paid or reimbursed to staff through the Academy's own petty cash system.

Expenditure paid through petty cash must not exceed £25.00 within a Primary Academy and £40.00 within a Secondary Academy in any one transaction. Requests for amounts above this limit can only be authorised by the Principal/Chief Financial Officer.

All payments made must be supported by an appropriate VAT voucher and signed by the member of staff receiving the cash and independently authorised by (names of officers authorised to approve petty cash disbursements). Under no circumstances may an officer authorise a petty cash payment to themselves. Reimbursements and other payments to staff exceeding £25 will be made by BACS.

All petty cash will be kept in a locked box in the safe and the Academy Business Manager will be responsible for its security.

The amount of petty cash held in each Academy must be kept to a minimum and should never exceed £500 at any one time. The maximum amount of cash held in the academies at any time must never exceed the insured limit for the safe as set by the academies' insurance cover.

The Academy Business Manager will be responsible for the monthly reconciliation of the petty cash at the end of the month and ensure that the value of physical cash held reconciles with the reported balance on the PS Financials system. Receipts less payments plus cash in hand should equal the imprest after taking into account the cash brought forward from the previous month.

No personal cheques can be exchanged for cash and no IOU's or any other form of borrowing is permitted from petty cash

Any special arrangements for obtaining petty cash must be notified to the Chief Financial Officer and agreed

13 FIXED ASSETS

13.1 Asset Register

Trustees recognise the need to maintain an inventory of equipment in the Trust in order to:

- Ensure that staff take responsibility for the safe custody of assets;
- Enable independent checks on the safe custody of assets;
- Ensure proper physical control of equipment;
- To provide an up-to-date record of the equipment available for teaching purposes;
- To manage the effective utilisation of assets and to plan for their replacement;
- To provide a basis for insurance cover and claims if equipment is damaged or destroyed, e.g. by fire, theft, vandalism or other disaster;
- To enable external auditors to evaluate the annual accounts and the Academies' financial position

All items of equipment satisfying the conditions below will be both visibly and invisibly marked with the name and postcode of the Academies. As and when they are received entries will be made in the inventory for:

- Items valued at £500 or more at the time of purchase, either individually or as a set; with the exception of IT equipment that will be recorded without limit.
- attractive and portable items, feasibly below the £500 threshold, e.g. where considered desirable and at risk of theft;
- Items especially considered by the Principal as being worth including.

The inventory will be maintained by the Academy Business Manager.

The academy inventories will be checked annually by an independent person and the results of the check reported through to the Principal and certified correct. All discrepancies are to be notified to the Chief Financial Officer immediately.

All disposals should be recorded promptly, showing the method of disposal and the authority for such action.

13.2 DISPOSAL AND WRITE OFF POLICY

13.2.1 Disposals

- The Principal is authorised to dispose of surplus, damaged or scrap stock, materials or equipment on the best possible terms, where the estimated realisable value of the materials does not exceed £500. Where the estimated realisable value exceeds £500, the approval of the CEO and Local Academy Council/Finance Committee shall be obtained
- If the estimated realisable value of the materials is in excess of £50 but does not exceed £500, the proposed disposal shall be advertised on the staff notice board and staff will be invited to submit sealed bids for the items. If unsold to staff these items can then be offered for public sale.
- If the estimated realisable value of the materials is in excess of £500, quotations shall be invited from at least two sources external to the academy. Staff, however are not precluded from also submitting bids.
- Records of disposals shall be kept together with details of bids

13.2.2 Write Offs

- The Principal is authorised to write off any debt owing to the Academy up to a value of £100 for any one item, provided that he/she is satisfied that proper steps have been taken to mitigate the loss and prevent a recurrence. This may, for example, be in respect school meals debts; letters; damage to the school or contents; charges levied by the school (e.g. music tuition). Any debt in excess of this shall be written off by the Local Academy Council/Finance Committee.

- Any items above £100 must be approved by the CEO or Chief Financial Officer. These items will also be reported to the Local Academy Council/ Finance Committee.
- Records of write offs shall be kept.

13.3 Loan of Assets

A separate “Register of Items removed from the academy site” shall be kept for all items loaned to members of staff and pupils, and all items taken off school sites for any reason shall be entered. In the event of any items not being on site when the inventory is checked, reference shall be made to this register in the first instance.

If assets are on loan for an extended period or to a single member of staff on a regular basis the situation may give rise to a ‘benefit-in-kind’ for taxation purposes.

13.4 Depreciation

The Trust will depreciate fixed assets in line with recognised accounting standards, DfE guidelines and external auditors.

14 INTERNAL CONTROL

The TMET Finance Manager is responsible for carrying out bank statement reconciliations. These statements are available on-line through Lloyds Bank and can be run and printed at any time. It is recommended that reconciliations are completed at least once a week. All discrepancies are to be reported to the Chief Financial Officer and Bank and investigated immediately.

The Chief Financial Officer is responsible for completing the quarterly VAT returns in the prescribed format, submitting them to HMRC.

The Chief Financial Officer will be responsible for periodically checking and signing to confirm the checks have been made for both the Delegated Budget and academy funds:-

- bank account reconciliations;
- other control accounts (e.g. payroll suspense account, debtor and creditor control accounts)
- VAT returns, including reconciliation of the system VAT control account balance to outstanding VAT refunds due;
- Petty cash reconciliations;
- the appropriateness of payment arrangements in the context of maximising cash flow;
- Review of system audit trails, e.g. changes to supplier standing information such as account details (BACS payments)
- The use and authorisation arrangements of Direct Debits/Credits.

Each academy is responsible for completing a month-end internal control checklist demonstrating that key financial procedures have been satisfactorily undertaken (e.g. petty cash reconciliation).

The Chief Finance Officer is responsible for regularly checking and signing to confirm the checks have been made of payments to monitor that:-

- transactions have been properly authorised;
- no payments have been made which could be classified as fee payments to existing staff;
- where appropriate, the requirements of the Construction Industry Tax Deduction Scheme have been complied with.

The Trust should provide their Finance and Audit Committee with a schedule of financial responsibilities on appointment; and agree a pattern of working to assure Trustees/Local Academy Councillors that all appropriate internal controls are in place and being adhered to. The Finance and Audit Committee will organise these duties on behalf of each academy and report their findings to the Trust CEO as Accounting Officer.

The income and expenditure report will be issued to the CEO on a monthly basis.

The Trustees report will be produced annually.

15 ALLOWANCES AND EXPENSES

Please refer to the Trust's Expenses Policy.

16 SAFE KEYS

Each academy must retain a record of who holds keys for their local safe, a copy of this document must be shared with the CFO

In the event of a safe key being lost for a period of more than 12-hours this must be reported to the local Principal and the CFO and where appropriate to the Trust insurer

In the event of a lost key not being found after a period of 48-hours the potential risks should be considered and if deemed necessary provision must be made for locks to be changed as soon as possible. If required, the contents of the safe can be relocated to another academy until the situation is resolved. All costs associated with changing locks etc will be the responsibility of the individual academies

17 WHISTLEBLOWING POLICY

Please refer to the Trust's Whistleblowing Policy.

18. FRAUD AND FINANCIAL IRREGULARITY

The Trust has a **zero-tolerance** approach to all forms of fraud and financial irregularity. The Trust will not tolerate fraud or corruption by its members, trustees, employees, suppliers, contractors, partners, service users or members of the general public and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal, loss recovery and/or referral to the Police and/or other agencies. Further information is available in the Trust's Anti-Fraud, Bribery & Corruption Policy.