



HCAT Financial Procedures & Regulations Policy 2021



Reviewed: June 2021

HCC Acknowledged: November 2021

Financial Procedures & Regulations Policy

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Section 1 - Introduction

The purpose of this manual is to ensure that the academy maintains and develops systems of financial control, which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education Skills Funding Agency (ESFA).

The academy trust must comply with the principles of financial control outlined in the Academies Financial Handbook. This manual expands on that and provides detailed information on the academy's accounting procedures and systems and should be read by all staff involved with financial systems.

This manual serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

Section 2 - Financial Planning

Financial Planning

To assist you with preparing budgets and identifying efficiencies the ESFA has published a series of factsheets on gov.uk (<https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>)

The budget cycle:

The budget cycle is as follows:

- Autumn term (Sept – Dec)
 - Implementation of current budget plan
 - Monitoring expenditure (continuous-monthly)
 - Reconciliation and closure of previous financial year

- Spring term (Jan – Mar)
 - Monitoring and Reviewing of year's budget
 - Revised Budget where appropriate
 - Pre-planning new financial year

- Summer term (Apr – Aug)
 - Planning for forthcoming year
 - Preparation and submission of financial budget plan and Budget Forecast Return
 - Review of current year's budget

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

Budget

The **Chief Operating Officer** is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the CEO, the Finance and Resources Committee and the Trust Board.

The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of General Annual Grant
- latest estimate of other ESFA funding e.g. pupil premium, or other specific funds
- review of other income sources available to the academy to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the academy cost
- identification of potential efficiency savings
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
- all carry forward balances
- any unspent grants from the previous financial year
- any funds held in Trust

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan.

If there is a significant (over 10%) departure from the anticipated budget this will be escalated to the Finance and Resources Committee as part of the monthly management accounts procedure.

The approved budget is then entered onto the finance system ready for the start of the new financial year.

Other Government Funding

In addition to GAG funding from ESFA the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding etc. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.

The Chief Operating Officer or School Business Manager / Principal Finance Officer is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Other Grants and specific funding

In addition to the GAG funding from the ESFA and other government funding, the academy/MAT may be awarded additional grants from time to time relating to specific projects e.g. Big Lottery Funding, Charitable Grants etc. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.

The Chief Operating Officer or School Business Manager / Principal Finance Officer is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Funds held in Trust

Where funds are held in trust the Chief Operating Officer is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

Virements

Substantial virements shall be reported and minuted by the Finance and Resources Committee and should be within the agreed criteria and financial limits set within the Scheme of Delegation.

The Chief Operating Officer or School Business Manager / Principal Finance Officer is given delegated power to vire from one budget to another and shall meet with the CEO / Headteacher monthly to discuss.

All virements exceeding £40,001 shall require prior approval from the Finance and Resources Committee.

Revised Budget

Monitoring and analysis of the agreed budgets should be carried out on a monthly basis by the Accounting Officer and Chief Operating Officer alongside the School Business Manager and Principal Finance Officer, as well as the Heads of School and reports forwarded to the Board of Trustees. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Board of Trustees. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

Budget Forecast Return

As part of the funding agreement with ESFA academy trust's must submit their Budget Forecast Returns (<https://www.gov.uk/government/publications/academies-budget-forecast-return-guide-to-using-the-online-form>)

The approved budget must be submitted to ESFA by 31 July each year by the Chief Operating Officer. The Chief Operating Officer is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

Monitoring and review (including management accounts)

Monthly reports are prepared by the Chief Operating Officer. The reports include:

- actual income and expenditure against budget (shown as month to date and cumulatively)
- balance sheet
- cash flow forecast
- monthly management reports

Any potential overspend against the budget must in the first instance be discussed with Heads of School and the CEO.

The monthly reports are shared with the Chair of the Trust verbally and by email.

The reports are then sent to the accounting officer and the Board of Trustees.

Section 3 - Independent Checking Procedures

Details of the requirements for delivering assurance are found in the financial handbook (<https://www.gov.uk/government/publications/academies-financial-handbook>). This section explains which arrangements are in place from:

- Employing an in-house internal auditor
- A bought in internal audit service from a firm
- Appointment of non-employed trustee
- Peer review

Review of regularity

The CEO (in their role as Accounting Officer) must ensure the appropriate measures are in place for reviewing regularity. A regularity checklist on good practice can be found here (<https://isbl.org.uk/search.aspx?txtSearch=regularity>).

The Academies Accounts Direction (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement and potential tests.

The CEO (in their role as Accounting Officer) reviews the following documents monthly to ensure the academy trust is working within the boundaries of regularity and propriety:

- reviews management accounts
- reviews compliance against the scheme of delegation
- reviews transactions for evidence of connected party transactions
- value for money practice

The Accounting Officer has delegated the following responsibilities to the Chief Operating Officer

- adherence to tendering policies
- review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook
- review of trustees/governors' minutes

Section 4 - Annual accounts

The Academies Accounts direction (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement in further detail.

The academy trust must prepare annual audited financial statements for the accounting period to 31 August.

The accounts are prepared in house by the Chief Operating Officer and then outsourced to the auditors for preparation.

The accounts are then submitted as follows:

- by 31 December – to ESFA
- by 31 January – published on our own website
- by 31 May – to Companies House

Value for money statement

Value for money must be reviewed annually and examples must be focussed on how educational outcomes have been improved. The accounts direction (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement in further detail.

As part of the annual accounts the trust must include 3 focussed examples of value for money.

The Chief Operating Officer is responsible for collating the examples which are then ratified by the Finance and Resources committee.

Audit arrangements

External auditors must be appointed in accordance with the Academies Financial Handbook.

The Chief Operating Officer is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

Work undertaken during accounting period

The Chief Operating Officer is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:

- reviewing the structure of the trial balance
- maintaining a fixed asset register
- maintaining income and expenditure records (including filing of invoices)
- reviewing aged debtors for any provisions required
- maintaining a record of governors/trustee's interests, related and connected party transactions
- control account reconciliations (bank, wages, debtors, creditors)
- maintaining a record of meeting attendance
- monitoring & reporting to the Accounting Officer and Board of Trustees

Work undertaken for the year end

The Chief Operating Officer is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- stock take and including of year end stock value
- prepayments for IT licenses
- prepayments or accruals for grant income
- control account reconciliations (bank, wages, debtors, creditors)
- close down of the purchase ledgers

- close down of the sales ledgers and aged debtors
- pension valuations
- pension Audit

Section 5 - Accounts Return

As part of the funding agreement with ESFA academy trust's must submit their Accounts Returns (<https://www.gov.uk/government/publications/academies-august-accounts-return-template-and-guide>)

The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 25th January.

The accounts are prepared in house by the Chief Operating Officer and then outsourced to the auditors for preparation.

Section 6 - Document Retention

Documents are retained for the following amount of time:

- Finance records – current year plus preceding 6 years
- Supply cover insurance – current year plus preceding 6 years
- Payroll and travel records – current year plus preceding 6 years
- Personnel records – 5 years after an employee has left

Section 7 - Accounting system

All the financial transactions of the academy trust must be recorded into Access, (<https://go.education.accesscloud.com/Login.aspx?authenticated=false>) the online computerised financial information accounting system.

System Access

Access to the system is password restricted.

Transaction processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.

Bank transactions are input by the Chief Operating Officer or School Business Manager / Principal Finance Officer and reviewed by the Head of School or CEO.

Transaction reports

The Chief Operating Officer or School Business Manager / Principal Finance Officer reviews the following system reports to ensure that only regular transactions are posted to the accounting system:

- The monthly audit trail reports
- Masterfile amendment reports for the payroll, purchase ledger and sales ledger
- Management accounts summarising expenditure and income against budget at budget holder level

Reconciliations

The Chief Operating Officer or School Business Manager / Principal Finance Officer are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared or have a narrative to evidence why not:

- sales ledger control account
- purchase ledger control account
- payroll control account
- VAT control account
- all suspense accounts
- bank balance per the nominal ledger to the bank statement
- all balance sheet accounts

Any unusual or long outstanding reconciling items are brought to the attention of Chief Operating Officer and dealt with according to the bad debt limits in this manual.

Section 8 - Cash Management

Bank Accounts

The following procedures must be followed when opening a bank account and operating it:

- the trust is responsible for selecting the banking institution and negotiating the terms and conditions
- the Accounting Officer must authorise the opening of all bank accounts
- the academy/MAT will ensure that in the event of changes to key personnel or governors/trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
- terms of arrangements, including cheque signatories or BACS authorisations are inline with the scheme of delegation.
- the trust must inform the bank, that their accounts must not become overdrawn
- the trust must ensure there are sufficient funds to cover large payments

Deposits

A deposit must be entered on a copy paying-in slip with the following details:

- the amount of the deposit
- a reference (for example the number of the receipt or the name of the debtor)
- supporting evidence

The Chief Operating Officer or School Business Manager / Principal Finance Officer and or Finance Administrator are responsible for updating the accounting system for deposits placed.

Payments and withdrawals

All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:

- CEO
- Headteacher / Head of School
- Chief Operating Officer
- School Business Manager / Principal Finance Officer
- Deputy / Assistant Headteacher
- Finance Administrator

This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy including funds held in trust.

The Chief Operating Officer or School Business Manager / Principal Finance Officer and or Finance Administrator is responsible for updating the accounting system for deposits placed.

Administration

The Chief Operating Officer or School Business Manager / Principal Finance Officer ensures bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the academy's cash book
- reconciliations are prepared by the Chief Operating Officer or School Business Manager / Principal Finance Officer.
- reconciliations are subject to an independent monthly review carried out by the CEO or the Headteacher / Head of School / SLT.
- adjustments arising are dealt with promptly

E-procurement & Payments

The school credit card (RBS) is used only when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases and to buy refreshments for meetings etc. The weekly online food shopping for nursery and breakfast club are exempt from completing a PO.

Any person wishing to make a purchase on credit card must complete an order form and pass this to the Chief Operating Officer or School Business Manager / Director of Finance or Admin staff to make the purchase. All order forms detailing the purchase must be signed.

When the credit card bill arrives there will be a signed order form relating to each entry on the statement, a receipt or emailed confirmation is required for all purchases and cash book journal is keyed for each entry on the statement.

BACS Payments

On receipt of an invoice, the Chief Operating Officer or School Business Manager / Director of Finance and Head of School signs the invoice or approves electronically to signify:

- an official purchase order has been raised for the purchase if a PO is required (catering, rates and utilities exempt)
- the delivery note (if applicable) has been checked
- the delivery is of correct quantity, quality and price
- it has not been previously paid
- funds are available in the relevant budget
- VAT chargeability on qualifying expenditure is shown

The BACS payment is then processed and then passed on to two of the signatories / authorisers who check and approve the payment.

Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.

Investments

Investments are made in accordance with written procedures approved by the Board of Trustees.

All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Reserves

Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.

The CEO as Accounting Officer must inform the ESFA immediately if a deficit is anticipated.

If the academy trust is anticipating a deficit at the end of any financial year, the Board of Trustees and the CEO have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Board of Trustees must ensure that a recovery plan is submitted and approved by

the ESFA.

Capital Reserves

Any overall surpluses at the end of the year are carried over to the following year.

It is the responsibility of the Chief Operating Officer or School Business Manager / Director of Finance to keep accurate records of the capital funds, especially where grants have been received for capital projects.

Capital Projects require the approval of CEO up to the value of £25,000. Any projects over this amount must be reported to the Board of Trustees.

Section 9 - Payroll

Staff Appointments

The Board of Trustees has approved a personnel establishment for the academy trust. Changes can only be made to this establishment with the express approval in the first instance of the Finance and Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The CEO has authority to appoint staff within the authorised establishment except for Executive Leadership Posts whose appointments must follow consultation with the Trustees. The individual academies maintain personnel files for all members of staff which include contracts of employment.

The individual academies are responsible for obtaining the relevant DBS checks and ensuring these are retained on file.

Payroll Administration

Payroll is administered through the academy trust's payroll provider – BMBC currently.

All staff are paid monthly through the payroll provider. A master file is created for each employee which records:

- salary
- bank account details
- taxation status
- personal details
- any deductions or allowances payable
- other legal and relevant details

The individual academies must complete a monthly staff return which provides details for all staff in the section of sickness and other absences during the month and any new appointments or terminations.

Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the designated line manager.

The School Office will prepare and distribute a timetable for payroll processing specifying key dates for each month.

Payments

Before payments are dispatched a printout of all data should be obtained, including an exceptions report from the payroll provider and this should be checked against source documentation and then reviewed and authorised by the Chief Operating Officer, School Business Manager / Principal Finance Officer or Finance Administrator.

All salary payments are made by BACS.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.

After the payroll has been processed the nominal ledger will need to be updated. Postings will be made both to the payroll control account and to individual cost centres. The Chief Operating Officer, School Business Manager / Principal Finance Officer or Finance Administrator should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

Annually, the Chief Operating Officer or School Business Manager / Principal Finance Officer checks each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the office. The Academies also produce Annual Salary letters for all staff.

Salary advances

The trust does not award salary advances.

Overtime

Overtime is recorded by the individual and should be submitted by the end of the month prior to the pay date and in turn this is authorised by the designated line manager.

Claim forms must not be submitted prior to work having been undertaken.

No payments for work undertaken will be made other than via the payroll system.

Severance payments

Severance payments must be made in line with the Academies Financial Handbook. Further information is provided on gov.uk (<https://www.gov.uk/guidance/academies-severance-payments>)

The academy trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk.

Where the non-contractual element is on or over £50,000 prior approval from ESFA must be sought.

The Accounting Officer must sign off and review each business case.

Ex-gratia payments

Ex-gratia payments must be made in line with the Academies Financial Handbook.

Any ex-gratia payments must be submitted to ESFA for prior approval.

Section 10 - Income

The Academies Accounts direction (<https://www.gov.uk/guidance/academies-accounts-direction>) explains revenue recognition in respect of ESFA and other grants.

ESFA grants

The main sources of income for the academy are the grants from the ESFAs. The receipt of these sums is monitored directly by the Chief Operating Officer or School Business Manager / Principal Finance Officer who are responsible for ensuring that all grants due to the academy are collected.

Other grants

The receipt of these sums is monitored directly by the Chief Operating Officer or School Business Manager / Principal Finance Officer who are responsible for ensuring that all grants due to the academy are collected.

Catering

If cash payments

Cash payments must be reconciled on a weekly basis by the Finance Administrator to the lunch records. The school meal numbers and cash totals are then to be entered onto the weekly

banking sheet. The cash is kept in the safe prior to weekly collection for banking. The Finance Administrator must reconcile the weekly banking sheet to actual receipts banked.

If electronic cash collection

The bank credits are reconciled to the Online Payment system in the first instance.

Lettings

The academies are responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation.

Details of organisations using the facilities will be held by the academies who will produce a sales invoice from the Financial Information accounting system.

Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed.

Gift aid

An academy trust is able to claim gift aid (<https://www.gov.uk/claim-gift-aid/overview>) on donations from individuals.

To ensure the academy trust, in its position as an exempt charity, receives all the monies it is entitled to the Chief Operating Officer or School Business Manager / Principal Finance Officer:

- reconciles income against records to confirm expected amounts have been received by the donor
- ensures the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

Bad debts

Write offs need to be in line with the delegated authorities set out in the Academies Financial Handbook.

The academy trust chases all monies due, and those that have not been paid within 30 days of an invoice being issues, by telephone, email or letter.

If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Chief Operating Officer or School Business Manager / Principal Finance Officer submits a report to the CEO / Executive Headteacher or Headteacher / Head of School for approval of write off.

The following write off limits apply:

- Up to £100 – Head teachers / Head of School
- £101 to £300 – Accounting Officer
- £300 to £499 – Finance and resources committee
- Over £500 – Board of Trustees and refer to debt collecting agency

Section 11 - Purchasing

The academy trust must achieve value for money on all purchases. A large proportion of our purchases are paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy
- Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs
- Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis

Routine Purchasing

Secondary - Budget holders will be informed of the budget available to them for the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month.

Secondary - Routine goods purchases up to £10,000 can be ordered by budget holders and anything over this amount is authorised and approved by the Head of School (up to a maximum of £25,000). In the first instance a supplier should be chosen from the list of approved suppliers. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Chief Operating Officer, School Business Manager / Principal Finance Officer or Finance Administrator. Copies of all quotes must be attached to the order form.

Primary - Routine goods purchases up to £10,000 can be ordered by Headteacher / Head of School and anything over this amount is authorised and approved by the CEO / COO. In the first instance a supplier should be chosen from the list of approved suppliers. A quote or price must always be obtained before any order is placed. If the Headteacher / Head of School considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Chief Operating Officer, School Business Manager / Principal Finance Officer or Finance Administrator. Copies of all quotes must be attached to the order form.

E-procurement

Any department wishing to make a purchase on credit card must complete an official order form in the usual manner and pass this to the Chief Operating Officer, School Business Manager / Principal Finance Officer or Finance Administrator to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder / Headteacher / Head of School.

Orders

All orders must be made, or confirmed, in writing or via email using an official order form, stocks of which are held by the Academies. Orders must bear the signature or electronic approval by email or online of the budget holder / Headteacher / Head of School / CEO / COO.

Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier by the Administrators only.

On receipt there must be a detailed check of the goods received against the goods received note (GRN) and a record made of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Academies will keep a record of all goods returned to suppliers.

The Finance Department will then input details of payments to be made to the purchase ledger and generate the payments required. The associated paperwork must be authorised by two of the nominated cheque signatories either a wet signature or through the RBS Bankline authorisation.

BACS payments are input by the Chief Operating Officer, School Business Manager / Principal Finance Officer or Finance Administrator and authorised by two signatories in accordance with the policy and procedures for ordering goods.

Orders over £3,000 but less than £25,000

At least three written quotations should be obtained for all orders between £3000 and £25000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained for audit purposes. Telephone quotes are acceptable if these are evidenced and confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.

Orders over £25,000

All goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000 must be subject to formal tendering procedures.

Official Journal of the European Union

Purchases over £70778 are to be dealt with in accordance with OJEU

OJEU (<http://www.ojeu.eu/>) updates the procurement thresholds per annum and the most up to date ones can be found on their website: <http://www.ojeu.eu/thresholds.aspx>

Trading with Related Parties

The academy trust will manage trading with related parties, ensuring no conflicts of interest and adequate disclosure within the academy trust's accounts.

The trustees regularly review the suppliers list and key management personnel to ensure related parties are identified early and the register of pecuniary interests is cross-referenced. Detailed information can be sought below

<http://www.frc.org.uk/Our-Work/Publications/ASB/Amendment-to-FRS-8-Related-Party-Disclosures-Legal-File.pdf>

Trading with Connected Parties

Any trading with connected parties must be in line with the Academies Financial Handbook.

Section 5.34 of the handbook sets out the principles academy trusts must adopt when trading with connected parties. Additional guidance on charging for overheads is below:

Overhead charges should be proportionate to the amount of work the supplier is doing for the trust. For example, if 10% of the connected supplier's activity is for the trust, then that trust should pick up no more than 10% of the supplier's total overheads. However, if at the end of the academy financial year, the charges for overheads recouped by the supplier exceed the total the supplier paid for overheads, the supplier should reduce the charges to the trust in the next academy financial year. This will ensure:

- that the trust is complying fully with the 'not for profit' principles set out in the handbook by paying no more than the proportionate sum for the services received
- that the supplier is not drawing inadvertent profits

Goods and Services for Private Use

No goods are ordered or services provided to include any elements of private use by trustees, governors and staff.

Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

- **Open Tender:** This is where all potential suppliers are invited to tender. The Chief Operating Officer or School Business Manager / Principal Finance Officer must discuss and agree how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where
 - there is a need to maintain a balance between the contract value and administrative costs
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders
 - only one or very few suppliers are available
 - extreme urgency exists
 - additional deliveries by the existing supplier are justified

Preparation for Tender

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

A tender brief must always be prepared and is reviewed by the Chief Operating Officer or School Business Manager / Director of Finance.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response
- dates for decision and work to be delivered

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document is received by the academy trust. Tenders are submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline are not accepted.

Tendering Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance and Resources Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance and Resources Committee.

The accepted tender should be the one that is economically most advantageous to the academy. All parties are then informed of the decision.

Insurance

The Audit & Finance and Resources Committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.

HCAAT have opted into the Department for Education's Risk Protection Arrangements.

RPA is an alternative to insurance where the UK government funds cover losses that arise. More information can be found at: <https://www.gov.uk/guidance/academies-risk-protection-arrangement-rpa>

Budget holders must ensure all valuables are kept under lock and key when not being used in a supervised manner.

Governors/Trustees Expenses

All governors/Trustees of this academy trust are entitled to claim the actual costs, which they incur as follows:

- the cost of travel relating only to travel to meetings/training courses at a rate of 45 pence per mile which does not exceed the specified rates for school personnel
- travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the any other source

The Board of Trustees acknowledges that:

- Governors/Trustees are not be paid attendance allowance
- Governors/Trustees are not reimbursed for loss of earnings

Governors/Trustees wishing to make claims under these arrangements, must complete a claims form from the Chief Operating Officer or School Business Manager / Principal Finance Officer together with the relevant receipts. The form must be submitted to within two weeks of the date when the cost were incurred and approved by the COO / Company Secretary.

Claims will be subject to independent audit and may be investigated by the Chair of Trustees (or Chair of Finance in respect of the Chair of Trustees) if they appear excessive or inconsistent.

Gifts

Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 are reported to the Headteacher / Head of School in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses (see Code of Conduct for further details).

Gifts that have been reported are entered onto the gifts and hospitality register.

Section 12 – Fraud

Fraud is not tolerated and requirements on notifying the ESFA are laid out in the Academies Financial Handbook.

The trust does not tolerate fraud. Where instances of fraud are found the CEO / Executive Headteacher will notify the ESFA.

Section 13 - Whistleblowing

The trust has a whistle blowing policy in place, and references raising any issues with the ESFA (<https://www.gov.uk/government/publications/complaints-about-post-16-ESFA-funded-institutions>).

Section 14 - Leasing

Finance leases represent borrowing and are not allowed under the Academies Financial Handbook.

Section 15 - VAT

VAT Return

The Chief Operating Officer is responsible for submitting the VAT 126 form per month for all of the Academies.

Section 16 - Fixed assets

Asset register

All items purchased with a value over the academy's capitalisation limit of £1,000 must be entered on the fixed asset register.

The asset register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement

- help the external auditors to draw conclusions on the annual accounts
- support insurance claims in the event of fire, theft, vandalism or other disasters

Examples of items to include on the asset register include:

- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment – fax machines, shredders, switchboard
- Furniture
- AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment
- Mini buses

Security of assets

Equipment is, where possible, stored securely when not in use.

Disposals

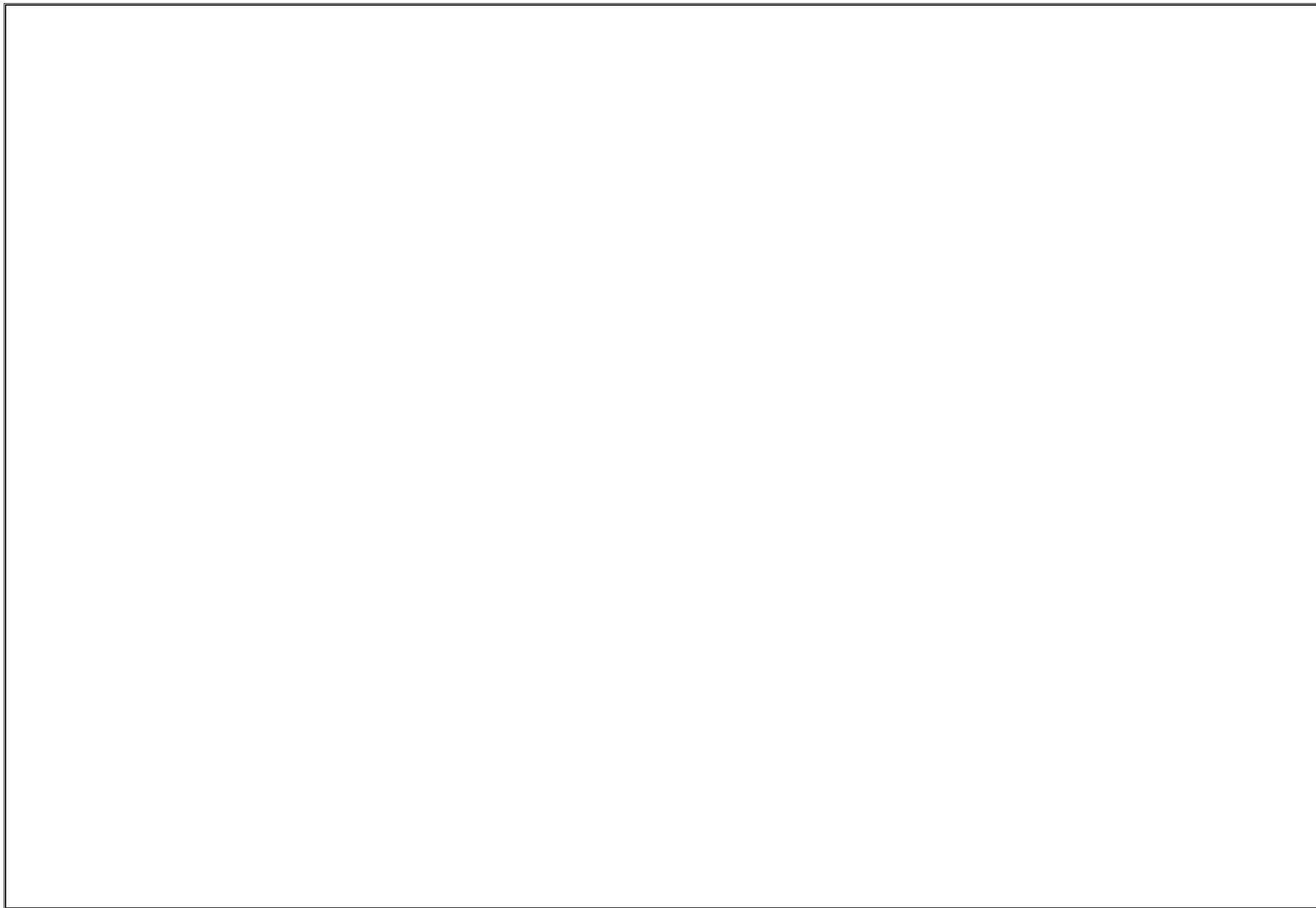
Disposals, where applicable, are in line with the Academies Financial Handbook.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the CEO or Headteacher / Head of School and, where significant, should be sold following competitive tender. The academy must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

Loan of Assets

Items of academy property must not be removed from academy premises without the authority of the CEO or Headteacher / Head of School. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.



Activity	Trust Board	Local Governing Body	CEO	Headteacher	Staff	Comment
1. Accounting						
1.1	Adhering to accounting policies and guidelines issued by the ESFA.	✓ (Review for MAT)	✓ (Review for Academy)	✓ (Responsible for MAT)	✓ (Responsible for Academy)	✓ May be delegated to COO
1.2	Maintaining accurate, reconciled and up-to-date records to provide financial and statistical information.		✓ (Monthly review of records for MAT)	✓ (Monthly review of records for Academy)	✓	COO and Business Managers will review regularly for MAT and Academies respectively
2. Assets						
2.1	Arranging security of buildings, furniture, equipment, stock, stores and cash.			✓ (For individual Academy)	✓	Headteacher / Head of school overall responsible.
2.2	Maintaining an inventory of all moveable items of equipment and security marking such items.				✓	
2.3	Annual review of the inventory to verify the location and condition of each				✓	

Activity	Trust Board	Local Governing Body	CEO	Headteacher	Staff	Comment
item of equipment.						
2.4 Authorisation of disposal of unusable or obsolete equipment included in the inventory.	✓	✓ (Notify Trust Board if assets are more than 15k)	✓ (Notify Governing Body if assets are more than 10k)	✓ (Sign off any disposals up to 10k)	✓ (prepare list)	
2.5 Maintain a record of all property borrowed by staff.					✓	Review register annually
3. Audit						
3.1 Availability of records and documents for inspection by the external auditors.			✓			May be delegated to COO / School Business Manager / Principal Finance Officer.
3.2 Receiving the report from an audit inception and implementing recommendations.	✓ (Receive report and action plan)	✓	✓ Ensure systems in place to monitor action plan for individual academy)	✓	✓	

3.3	Maintaining a register of pecuniary and business interests.	✓ (For MAT)	✓ (For constituent Academy)				Clerk will oversee logistics
3.4	Reconciling bank statements on a monthly basis.					✓ (COO via School Business Manager / Principal Finance Officer)	
3.5	Maintaining a record of all cash in the Trust's Academies.					✓ (COO via School Business Manager / Principal Finance Officer)	Reconciled monthly
4. Budget							
4.1	Preparation of the annual budget plan.		✓ (Review for constituent Academy)	✓ (Preparation of MAT budget)	✓ (Preparation of Academy Budget)	✓	COO/Business Managers to support preparation process
4.2	Approving final budget.	✓					
4.3	Monitoring actual year-to-date income and expenditure against budget, including variants.	✓ (reviewed monthly for MAT by the Chair of the Trust)	✓ (reviewed termly for constituent Academy)	✓ (reviewed monthly)	✓ (reviewed monthly)		COO and Business Managers to monitor and prepare reports

4.4	Approving virements within agreed limits.	✓ (Over £40k)		✓ (up to £40k)	✓		All virements will be reported to the CEO, Headteacher / Head of School, Trust Board and LGB
4.5	Movement of monies by the Trust from an academy budget above and beyond the agreed top slice %	✓ (Over £50k)	LGBs to be consulted	✓ (up to £50k)			LGBs to be consulted in all instances
5. Income							
5.1	Approving a lettings policy.	✓				COO to prepare	
5.2	Rendering accounts promptly. Receipting and banking promptly all income intact. Not cashing personal cheques. Recording cash passed from one person to another.	✓ Oversight for whole MAT	✓ Oversight for constituent Academy			COO to ensure systems and processes are in place. School Business Manager / Principal Finance Officer to oversee operationally.	
5.3	Writing off of debts	✓ Oversight for whole MAT (over £500)	✓ Oversight for constituent Academy (£301 - £499)	✓ Oversight for whole MAT (£151-£300)	✓ Oversight for constituent Academy (£0 - £150)	COO to present any write offs to LGBs for recommendation	

to Trust Board.

6. Information and communication systems

6.1	Controlling systems, security and privacy data.					COO, Trust SLT, School Business Manager / Principal Finance Officer to ensure this is in place for Academies. Trust Board clerk to oversee for the Board	
6.2	Maintaining registration with Information Commissioner's Officer and ensuring ongoing compliance.			✓ Oversight for whole MAT	✓ Oversight for constituent Academy	✓	

7. Insurance

7.1	Reviewing insurance cover in response to emergent risk assessment and analysis.	✓		✓	✓		COO and Business Managers will ensure advise CEO and Headteachers
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8. Investments						
8.1	Investing in any Accumulating Fund scheme	✓				Board to be advised by COO.
9. Orders and paying for goods, works and services						
9.1	Ensuring that all contracts and agreements conform with finance policies and procedures.			✓	✓	COO and Business Managers to advise for MAT and Academies respectively.
9.2	Accepting quotations/tenders and authorising orders/contracts for goods, works and services.	✓ Trust Board to approve orders over £50k. Must be approved by CEO before being submitted to Board.	✓ Orders between £10k - £49,999 must be approved by CEO before being submitted to LGB.	✓ CEO to approve orders between £10k - £49,999 for Primary £25k - £49,999 for Secondary	✓ Primary Headteacher to approve goods orders under £10k Secondary Headteacher to approve goods under £25k	Prior to authorisation, compliance must be checked with the Trust's procurement policy
9.3	Receipting and custody of all tenders.					COO for any over £3k. Business Managers for anything below £3k.

9.4	Signatories for cheques up to £10k.				✓	✓	Must be SLT
9.5	Signatories for cheques over £10k.			✓	✓	✓	CEO cannot delegate.
9.6	Not making payments unless goods have been received to the correct price, quantity and quality standard.					✓ COO and/or School Business Manager / Principal Finance Officer will match goods received notes to	

					orders on Access.	
9.7	<p>Paying the correct person / supplier and the correct amount supported by an invoice.</p>				<p>✓</p> <p>COO / School Business Manager / Trust Central Team will issue with each payment a list of invoices to be paid.</p>	<p>All signatories must check this when signing.</p>
9.8	<p>Retaining and storing invoices, vouchers and other financial records in a secure way for the defined period.</p>				<p>✓</p> <p>Academies to ensure records are kept securely in line with data retention policy.</p>	

9.9 Approving applications for credit cards.			✓ COO to approve any new credit card applications.		✓ Academies to reconcile supporting documentation	
Activity	Trust Board	Local Governing Body	CEO	Headteacher	Staff	Comment
					on monthly basis	
10. Salaries, Wages and Pension						
10.1 Certifying pay documents and over-time records				✓ Headteachers to certify monthly.	✓ SLT / Business Manager to review and report on changes monthly	Line Manager to sign overtime records.
10.2 Approving pay policy and appraisal policy.	✓ Trust Board to review annually. May be delegated to committee.					

11. Taxation						
11.1	Complying with VAT regulations					✓ COO and School Business Manager / Principal Finance Officer to ensure compliance.
12. Voluntary Funds						
Activity	Trust Board	Local Governing Body	CEO	Headteacher	Staff	Comment
12.1	Administering of voluntary funds				✓ Business Managers to maintain oversight and report monthly	
12.2	Appointing of external auditor.	✓				
12.3	Receiving audited annual accounts.	✓		✓		COO to advise CEO and Trust Board.