



**Blessed Holy Family  
Catholic Academy Trust**

**Financial Regulations  
Policy**

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<b>Committee:</b>	<b>Trust Board Finance Committee</b>
<b>Approved on:</b>	<b>10<sup>th</sup> October 2019</b>
<b>Next review date:</b>	<b>August 2020</b>

<b>Associated documentation</b>	
<b>Academy trust funding agreement</b>	<b>[insert specifics]</b>
<b>Academies Financial Handbook</b>	<b>2019</b>
<b>Academies Accounts Direction</b>	<b>[insert edition]</b>
<b>Capital Revenue &amp; Reserves Policy</b>	<b>[insert year]</b>
<b>Donations Policy &amp; Procedures</b>	<b>[insert year]</b>

This document sets out the regulations for the academy trust

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## Introduction

1. The purpose of this manual is to ensure that the academy maintains and develops systems of financial control, which conform with 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 Funding Agency (ESFA).
2. 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 the system manual should be read by all staff involved with financial systems.
3. 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.

## Financial Planning

4. The academy trust prepares rolling 3 to 5 year budgets.

### The budget cycle

5. 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
    - 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

6. The School Business Managers are responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher and the local governing body prior to submission to the Trust Board.
7. 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.
8. 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, Yr7 Catch-Up 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 costs
  - 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
9. 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.
10. If there is a significant (over 10%) departure from the anticipated budget this will be escalated to the Trust Finance Committee as part of the monthly management accounts procedure.
11. The approved budget is then entered onto the finance system at the start of the new financial year.

### **Other Government Funding**

12. 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.
13. The School Business Managers are responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

### **Other Grants and specific funding**

14. 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. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the Board of Governors/Trustees. 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.
15. The School Business Managers are responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

## **Funds held in Trust**

16. Where funds are held in trust, the Chief Finance 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**

17. Substantial virements shall be approved and minuted by the Resources Committee within each academy and should be within the agreed criteria and financial limits set out in the Scheme of Delegations.
18. The Headteachers are given delegated power to vire from one budget to another and shall seek approval from the Resources Committee and retrospectively where the amount exceeds £10,000.
19. All virements exceeding £10,000 or 2% of the budget shall require retrospective approval from the Resources Committee.

## **Revised Budget**

20. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Chief Executive (in their role as Accounting Officer) and Chief Finance Officer and reports forwarded to the Board of Governors/Trustees. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Resources Committee and or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Board of Governors. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

## **Budget Forecast Return**

21. The approved budget must be submitted to ESFA by 31 July each year by the Chief Finance Officer. The Chief Finance 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)**

22. Monthly reports are prepared by the School Business Managers. The reports include:
  - actual income and expenditure against budget (shown as month to date and cumulatively)
  - balance sheet
  - cash flow forecast
  - one page summary highlight and explaining variances of at least 5% or £10,000 (whichever is smaller)
23. Any potential overspend against the budget must in the first instance be discussed with the Headteacher.
24. The monthly reports are sent to the CEO, Trust Finance Committee and chair of the local Resources Committee.

## **Independent checking procedures**

In order to comply with Section 3.17 of the AFH, the Trust has appointed Buzzacotts to carry out the internal and external audit functions to provide independent assurance to the board that its financial and other controls and risk management procedures are operating effectively.

In addition, Peer Reviews will be carried out termly by the School Business Managers with a different area of focus each term.

## **Review of regularity**

25. The Chief Executive (in their role as Accounting Officer) reviews the following documents termly and as part of the Year End processes 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
  
26. The Accounting Officer has delegated the following responsibilities to Chief Finance 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
  
27. A checklist is completed for each review undertaken.

## **Annual accounts**

28. The academy trust must prepare annual audited financial statements for the accounting period to 31 August.
  
29. The accounts are prepared outsourced to our auditors for preparation.
  
30. 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**

31. As part of the annual accounts the trust must include 3 focussed examples of value for money.
  
32. The Chief Finance Officer is responsible for collating the examples which are then confirmed by the finance committee.



## **Audit arrangements**

33. External auditors must be appointed in accordance with the Academies Financial Handbook.
34. The Chief Finance 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**

35. The School Business Managers are 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
  - monthly depreciation charges
  - maintaining income and expenditure records (including filing of invoices)
  - reviewing aged debtors for any provisions required
  - maintaining a record of governors/trustees 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 governors/trustees

## **Work undertaken for the year end**

36. The School Business Managers in conjunction external bodies (London Borough of Harrow Pension Team, Buzzacotts etc) are 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

## **Accounts Return**

37. The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 31 January.
38. The accounts return is outsourced to our auditors for preparation.

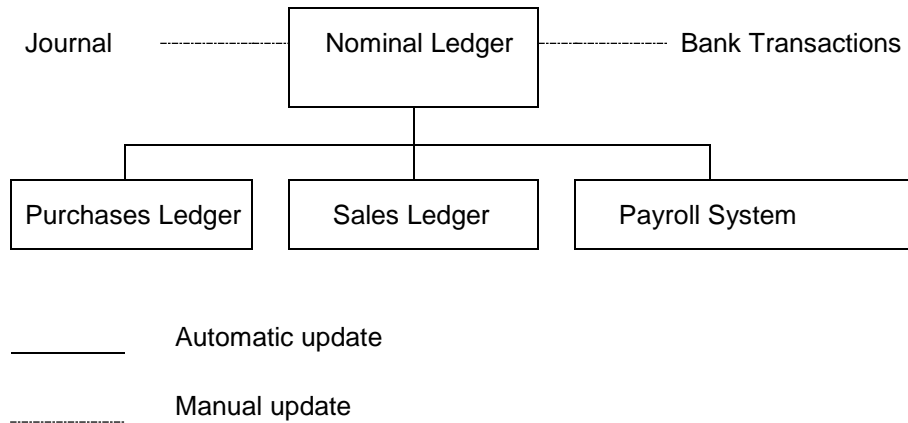
## Document retention

39. 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
- All student files until the student reaches the age of 21

## Accounting system

40. All the financial transactions of the academy trust must be recorded into Access, the computerised financial information accounting system. This system is operated by the CFO and School Business Managers.



## System Access

41. Access to the system is password restricted to authorised users within each academy and others have been authorised by the Accounting Officer e.g. external accounting providers.
42. When passwords are changed the new password should be placed in a sealed envelope and passed to School Business Manager to keep in the safe. The provider of the financial management information system, Access, is responsible for implementing a system which ensures that passwords are changed regularly

## Back-up Procedures

43. The CFO and School Business Managers are responsible for liaising with IT providers (Beebug and CTS) to ensure that there are effective back up procedures for the system. Data is backed up on a cloud based system.

## Transaction processing

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

45. Bank transactions are input by the School Business Manager or finance officer and reviewed and authorised by the Headteacher.

## **Reconciliations**

46. The School Business Managers are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- sales ledger control account (where applicable)
  - purchase ledger control account
  - payroll control account
  - VAT control account
  - all suspense accounts
  - bank balance per the nominal ledger to the bank statement
47. The Headteacher signs all reconciliations as evidence of review.
48. Any unusual or long outstanding reconciling items are brought to the attention of the Headteacher and dealt with according to the bad debt limits in this manual.

## **Cash Management**

### **Bank Accounts**

49. 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 governing body must authorise the opening of all bank accounts
  - the academy/CAT 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 updated as appropriate.
  - terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
  - the trust must inform the bank, in writing, that their accounts must not become overdrawn
  - the trust must ensure there are sufficient funds to cover large payments

### **Deposits**

50. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
- the amount of the deposit
  - a reference (for example the number of the receipt or the name of the debtor)
51. The School Business Manager is responsible for updating the accounting system (within 2 working days) for deposits placed.

### **Payments and withdrawals**

All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two people as designated in the official bank mandate.

52. 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. Authorised signatories must not sign a cheque

relating to goods or services for which they have also authorised the expenditure.

53. The School Business Managers are responsible for updating the accounting system (within 2 working days) for deposits placed.

### **Administration**

54. The School Business Managers 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 School Business Manager
  - reconciliations are subject to an independent monthly review carried out by the Headteacher.
  - adjustments arising are dealt with promptly

### **Petty Cash**

55. Expense claims should be made using the Payroll Expense claim form. These can be used to reclaim personal expenditure for travel, mileage, purchase of minor items etc.
56. If a Petty Cash system is used, the academies will maintain a maximum cash balance of £250.00 for the purchase of minor items, which is held in the office safe and is the responsibility of the School Business Manager. Petty cash cheque payments can be made up to a maximum of £250.00.
57. Expense/Petty Cash claims must be submitted monthly. Any receipts over 2 months (unless the receipt covers the summer break) will not be accepted.
58. The petty cash float must not be used for:
  - cashing personal cheques
  - paying staff loans

### **Payments**

59. In the interests of security, petty cash payments are limited to £25. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation procedures as purchases from the main bank account.

### **Administration**

60. The petty cash float is maintained on the Access system and the float is only reimbursed from the main bank account.
61. The petty cash float is reconciled monthly/termly by the School Business Manager. The reconciliation is then reviewed by the Headteacher and initialled as evidence of review.
62. The CFO carries out a spot check of the petty cash float once a term.

### **E-procurement & Payments**

63. The school credit cards, issued by Lloyds are used only when it is not practical to use the purchase order/cheque system. They are used mostly for internet purchases and to buy refreshments for meetings etc.

64. The cards are kept by the individual and are only used by that person to whom they are issued. A Credit Card Agreement is to be signed by each cardholder undertaking to keep the card safe and to use the card for academy business only.
65. Any department wishing to make a purchase on credit card must complete a requisition order form and pass this to the Admin staff to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder.
66. When the credit card statement is produced, the supporting paperwork will need to be attached and a Credit Card Expenses Journal generated. A VAT invoice is required for all purchases where applicable and it is sometimes necessary to chase suppliers for this.

The credit card bills, along with all the supporting paperwork are then given to the Headteacher who will check the entries and the statement and sign to authorise. These are then filed away together attached to the relevant bank reconciliation.

## **BACS Payments**

67. On receipt of an invoice, the finance officer signs the invoice, to signify:
  - an official purchase order has been raised for the purchase
  - the delivery note 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
68. The BACS file is then prepared and passed to two approvers – part of the two step authorisation process - who check to ensure the amounts are correct and that the bank and sort codes have been correctly entered. The payment is then approved and remittance advices are sent.
69. Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.
70. The Admin Team ensures that evidence is kept of the employment status test criteria applied (IR35), when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Admin Team should request that the individual states his self-employment reference number on any invoice issued to the school.

## **Investments**

71. Investments are only made in accordance with written procedures approved by the governing body.
72. 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**

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

year.

74. The CEO as Accounting Officer must inform ESFA immediately if a deficit is anticipated.
75. If the academy trust is anticipating a deficit at the end of any financial year, the governing body and CEO have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The governing body must ensure that a recovery plan is submitted and approved by the ESFA.
76. The academy trust undertakes to ensure that a contingency reserve of 2% of the previous year's total GAG is kept.

## Capital Reserves

77. Any overall surpluses at the end of the year are carried over to the following year.
78. It is the responsibility of the School Business Managers and the Capital Team at RCDOW to keep accurate records of the capital funds, especially where grants have been received for capital projects.
79. HMRC have issued guidance on how to classify expenditure for larger projects – Revenue Expenditure vs Capital Expenditure. This document can be found using the following link:

<https://www.gov.uk/hmrc-internal-manuals/vat-government-and-public-bodies/vatgpb7540>

## Payroll

### Staff Appointments

80. The governing body of each academy has approved a personnel establishment for their academy. Changes can only be made to this establishment with the express approval in the first instance of the Resources Committees, who must ensure that adequate budgetary provision exists for any establishment changes.
81. The Headteacher has authority to appoint staff within the authorised establishment except for members of the Senior Leadership Team whose appointments must follow consultation with the governors/Trustees. The School Business Managers (or other appointed member of staff) maintain personnel files for all members of staff which include contracts of employment.
82. The School Business Manager (or other appointed member of staff) is responsible for obtaining the relevant DBS checks and ensuring these are retained on file

### Payroll Administration

83. Payroll is administered through the academy trust's payroll provider – London Borough of Harrow. .
84. All staff are paid monthly through the payroll provider. A master file is created for each employee and held by the payroll provider which records:
  - salary
  - bank account details
  - taxation status
  - personal details

- any deductions or allowances payable
  - other legal and relevant details
85. New master files can only be created by the payroll with the express approval of the Headteacher. Any master file amendments (Contract Amendments etc) made by the academy must be authorised by the Headteacher.
  86. The School Business Managers (or other appointed member of staff) will update SIMS with details of any staff absence (sickness and other absences) each week for payroll purposes.
  87. The School Business Managers or other designated member of staff must complete a monthly staff return which provides details for all staff in the academy of sickness and other absences during the month and any new appointments or terminations. The staff return must be authorised by the Headteacher.
  88. Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the budget holder or Headteacher. Timesheets must be submitted to payroll at the end of each month. Claims older than 2 months will not be accepted unless the claim covers the summer break.
  89. The School Business Managers should prepare and distribute a timetable for payroll processing specifying key dates for the coming year.

## **Payments**

90. 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 (Access Staffing in Budgets) by the School Business Manager and then reviewed and initialled by the Headteacher. Authority to release payment will be by the School Business Manager and the Headteacher.
91. All salary payments are made by BACS.
92. 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. The amounts payable are summarised on the BACS report.
93. After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The School Business Managers 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.
94. Annually, the School Business Managers check 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 Principal's office. A letter of confirmation of annual salary will be given to support staff in April (or when pay award has been agreed) annually and to teachers after any Government pay award and performance management award has been processed, usually in November/December.

## **Salary advances**

95. The trust does not award salary advances.

## **Overtime**

96. Overtime is recorded by the individual and submitted by the end of each month to the Headteacher for authorisation.
97. The employee completes the claim forms.
98. Claim forms must not be submitted prior to work having been undertaken.
99. No payments for work undertaken will be made other than via the payroll system.

## **Severance payments**

100. 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.
101. Where the non-contractual element is on or over £50,000 prior approval from ESFA must be sought.
102. The Accounting Officer must sign off and review each business case.

## **Ex-gratia payments**

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

## **Income**

### **ESFA grants**

104. The main sources of income for the academy are the grants from the ESFAs. The receipt of these sums is monitored directly by the School Business Managers who are responsible for ensuring that all grants due to the academy are collected.

### **Other grants**

105. The receipt of these sums is monitored directly by the School Business Managers who are responsible for ensuring that all grants due to the academy are collected.

## **Trips**

106. A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The lead member of staff must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the School Business Manager.
107. Students should make payments via ParentPay.
108. The Finance team should maintain an up to date record on ParentPay for each student showing the amount paid and the amount outstanding. This record should be checked regularly and the lead member of staff is responsible for chasing the outstanding amounts.
109. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil should be redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the



Headteacher in advance of the booking being made.

## **Catering**

110. If paid on ParentPay, the bank credits are reconciled on the finance system Access, on a weekly basis. Weekly checks are undertaken by the Finance Team and cross referenced to a pupil's records. Any debit balances are to be followed up on a weekly basis.

## **Lettings**

111. The School Business Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
112. Details of organisations using the facilities will be held by the Finance team who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.
113. 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 at least annually.

## **Sundry income**

114. Income from other sources (for example educational consultancy) is priced in consultation with the Headteacher. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay in accordance with the agreed Consultants Policy.

## **Gift aid**

115. To ensure the academy trust, in its position as an exempt charity, receives all the monies it is entitled to the 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**

116. The academy trust chases all monies due, and those that have not been paid within 30 days of an invoice being issues, by telephone or letter.
117. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the School Business Manager submits a report to Resources Committee for approval of write off.
118. The following write off limits apply:
- Up to £150 – Headteacher
  - £151 to £500 – Accounting Officer
  - Over £500 – Finance and resources committee

## Purchasing

119. 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

120. Budget holders will be informed of the budget available to them at least one month before the start of 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. Budget holders will be able to monitor data relating to their own budget areas on a monthly basis via reports from the on line financial information system.
121. Routine purchases up to £1,000 can be ordered by budget holders. In the first instance a supplier should be chosen using best value evidence. A quote or price must always be obtained before any order is placed. 2 quotes should be obtained for all purchases over £1,000 and under £5,000. 3 quotes should be obtained for all high value purchases over £5,000. Copies of all quotes must be attached to the order form.

## E-procurement

122. Any department wishing to make a purchase on credit card must complete an official requisition order form in the usual manner and pass this to the Finance Officer, or Admin staff to make the purchase. All requisition order forms detailing the purchase must be signed by the Budget Holder.
123. Occasionally the school credit card is used to purchase small items, where it is not possible to order this elsewhere. An official requisition order form should be completed and signed by the budget holder before any order is placed.

## Orders

124. All orders **must** be made, or confirmed, in writing using an official order form, produced on the finance system, Access. Staff **must not** request goods or services over the telephone or online direct with suppliers. Orders must bear the signature of the Headteacher or designated person of authority.
125. 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 from the Finance team
126. The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt, the ordering department must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

127. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance team should be notified. The Finance team will keep a central record of all goods returned to suppliers and ensure that a credit is received for the correct amount.
128. All invoices should be sent to the Finance team. Invoice receipt will be recorded by the Finance team (and the invoice scanned) into the Financial Information System purchase ledger module). The Finance team will stamp invoices with a grid against which the following can be evidenced before the payment is authorised:
- invoice arithmetically correct
  - goods/ services received
  - goods/services as ordered
  - prices correct
  - invoice authorised for payment
  - payment authorised
  - VAT treated correctly
129. If a budget holder is pursuing a query with a supplier the Finance team must be informed of the query and periodically kept up to date with progress.
130. The Finance team will then input details of payments to be made to the purchase ledger.
131. BACS payments are input by the Finance Team and authorised on-line by two signatories in accordance with the banking policy and procedures (see E-procurement and Payments above).

### **Orders over £5,000**

132. At least three written quotations should be obtained for all orders over £5,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.

### **Orders over £40,000**

133. All goods/services ordered with a value over £40,000 or for a series of contracts which in total exceed £40,000 must be subject to formal tendering procedures.

### **Official Journal of the European Union**

134. Purchases over the publicised valid value 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 and connected parties**

The Trust will adhere to the guidelines in the Academies Financial Handbook, sections 5.34 to 5.58 pertaining to related parties. A Register of Interests will be maintained for all members of staff, Governors, Directors and Trustees. This Register of Interests will be updated annually and any conflict of interest will be minuted in each committee meeting.

## Goods and services for private use

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

## Forms of Tenders

136. 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 budget holder must discuss and agree with the Diocesan Procurement Manager 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

137. Full consideration should be given to:
- objective of project
  - overall requirements
  - technical skills required
  - after sales service requirements
  - form of contract.
138. 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.
139. A tender brief must always be prepared and is reviewed by the Headteacher, Chief Executive Officer and the Diocesan Procurement Manager.

## Invitation to Tender

140. 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.
141. 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**

142. 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.

## **Tender Opening Procedures**

143. All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:
- For contracts up to £25,000 - two of the budget holder, the Headteacher, School Business Manager, the Diocesan Procurement Manager
  - For contracts over £25,000 - the School Business Manager or the Headteacher, plus the Diocesan Procurement Manager and a member of the Finance Committee
144. A separate record details the names of the firms submitting tenders and the amount tendered. The record is signed by all people present at the tender opening.

## **Tendering Procedures**

145. 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.
146. 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.
147. 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 & 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 & Resources Committee.
148. The accepted tender should be the one that is economically most advantageous to the academy. All parties are then informed of the decision.

## **Insurance**

149. The Finance 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.

150. Consideration should be given annually to 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>
151. All staff must ensure that all valuables are kept under lock and key when not being used in a supervised manner.
152. The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

### **Governors/Trustees Expenses**

153. All governors/Trustees of this academy trust are entitled to claim the actual costs, which they incur as follows:
- childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)
  - cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
  - the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
  - 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
  - telephone charges, photocopying, stationery, postage etc.
  - any other justifiable allowances (as agreed with Chair of Resources or Chair of Trustees)
154. The Governing Body acknowledges that:
- Governors/Trustees are not be paid attendance allowance
  - Governors/Trustees are not reimbursed for loss of earnings
155. Governors/Trustees wishing to make claims under these arrangements, must complete a claims form from the School Business Manager together with the relevant receipts. The form must be submitted to the Finance team within two weeks of the date when the cost were incurred, when they will be submitted for approval by the Chair of Governors/Trustees or Chair of Finance & Resources to be presented to the Finance Committee for final approval.
156. Claims will be subject to independent audit and may be investigated by the Chair of Governors (or Chair of Finance in respect of the Chair of Governors) if they appear excessive or inconsistent.

### **Gifts**

157. 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 Accounting Officer 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 Donations Policy for further

details).

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

## **Energy Management**

159. Each academy within the Trust has purchased the Energy Management service level agreement with the London Borough of Harrow. Site Managers are responsible for recording, monitoring and analysing water, gas and electricity consumption in conjunction with the Energy Management Team. Meters should be checked periodically (once a term) before authorising any invoices from the utilities providers. Any discrepancies or unusual reading should be raised with the Energy Management Team and the provider immediately.

160. The Site Manager ensures that the school's heating system is operated and run as efficiently as possible.

161. The Energy Management Team ensures that the school is purchasing energy at the most competitive prices available.

162. All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

## **Fraud**

163. The trust does not tolerate fraud. Where instances of fraud exceeding £5,000 individually or cumulatively are found, the board of trustees will notify the ESFA as soon as possible.

## **Whistleblowing**

The Academy Trust has procedures for whistleblowing. The policy is agreed by the trustees. All staff should be made aware of the policy and how their concerns will be managed. They must also be made aware of who they can approach to report a concern.

## **Leasing**

There are 2 types of lease:

- Finance leases: these represent borrowing and are not allowed under the Academies Financial Handbook. Approval for finance leases must be obtained from the ESFA prior to the transaction
- Operating leases: these are not borrowing and do not require ESFA approval.

The Trust will not undertake Finance leases.

## **VAT**

### **VAT 126 form**

164. The School Business Managers are responsible for generating the VAT 126 form for their own academy each month. A spreadsheet will be forwarded to the Chief Finance Officer on the first working day of the following month.

165. The Chief Finance Officer will consolidate the information for the 4 academies and submit the VAT 126 report for the Trust.

166. The Chief Finance Officer will arrange for the funds to be repaid to each academy from the Trust bank account when the reimbursement is received from HMRC.

## Fixed assets

The academies within the Trust occupy church land and buildings. For any acquisition or disposal of land or buildings the Supplemental Agreement must be referenced.

### Asset register

167. All items purchased with a value over the academy's capitalisation limit of £2,000 must be entered on the fixed asset register on Access with the following details:
- asset description
  - asset number
  - serial number
  - date of acquisition
  - asset cost
  - source of funding (% of original cost funded from grant and % funded from other sources)
  - expected useful economic life
  - depreciation
  - current book value
  - location
  - name of member of staff responsible for the asset
168. 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
169. Examples of items to include on the asset register if their value exceeds £2,000 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

170. All the items in the register are permanently and visibly marked as the academy trust's property.
171. Equipment is, where possible, stored securely when not in use.
172. An annual count is under taken by another School Business Manager within the Trust, who is different



from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the governing body.

## **Disposals**

173. Disposals, where applicable, are in line with the Academies Financial Handbook.
174. Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and School Business Manager 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**

175. Items of academy property must not be removed from academy premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in to the academy when it is returned.
176. 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.

## **Risk Register**

176. The Trust has signed up to the GRC One system for the Risk Register. This is in line with the Diocese of Westminster procedures and other Diocesan Trusts.
177. The Risk Register is to be checked and updated, if necessary, as part of the month end procedures carried out by the SBM/Finance Officer