



# **The Diocese of Gloucester Academies Trust**

## **Financial Procedures Policy**

Authentically Christian

Boldly passionate about excellence in learning

Relentlessly driven in our aspiration for everyone

Status and review cycle;	Statutory and annual
Responsible group:	The Trust
Implementation date:	October 2022
Next Review Date:	September 2023

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## Statement of intent

It is important for the **Diocese of Gloucester Academies Trust (DGAT)** to demonstrate that there is no personal benefit from decisions made with regards to the spending of public money. In order to ensure that the financial standing of the Trust cannot be brought into disrepute, this policy will be implemented by all academies within the Trust, guaranteeing consistency in financial procedures across the academies.

This policy applies to all employees of **DGAT**, as well as services and goods sourced from external agencies, such as contractors and caterers.

The Trust takes its responsibility of handling public funds with the utmost importance and strives to continuously provide a high-quality education and safe learning environment, whilst having a strong financial standing.

Signed by:

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\_\_\_\_\_  
\_\_\_\_\_

**CEO  
Chair of  
Trustees**

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **I. Legal framework**

I.1. This policy has due regard to statutory legislation, including, but not limited to, the following:

- The Employment Relations Act 1999
- Companies Act 2006
- Companies Act 1985
- The Equality Act 2010
- The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)

I.2. This policy also has due regard to DfE guidance, including, but not limited to, the following:

- DfE 'Academy Trust Handbook'
- DfE 'Academies Financial Assurance'

I.3. This policy should be used in conjunction with the following Trust policies:

- Pay Policy
- Charging and Remissions Policy
- Conflicts of Interest Policy
- Anti-bribery and Corruption Policy
- Charge Card Policy

1.4 The Academies Financial Handbook sets out specific circumstances where ESFA approval must be obtained in advance of financial transactions being undertaken. Such circumstances will evolve as time passes, but the latest Academies Trust Handbook requirements (effective from 1 September 2019) are included as Appendix A.

## **2. Roles and responsibilities**

2.1. All members of the Trust, including the board of trustees and the individual governing bodies involved, will act in accordance with this policy at all times.

2.2. The Trust's board of trustees is responsible for:

- The overall administration of the Trust's finances.
- Ensuring that funds are received according to the academies' funding agreements and are used only for the purposes intended.
- Approving the annual consolidated budget, central budget and each individual academy's budget.
- Ensuring an appropriate Scheme of Delegation is in place.

- Ensuring assets are effectively managed.
- Ensuring accurate accounting records are maintained.
- Appointing key positions and roles relating to finance, including accountants and auditors.
- Approving the annual accounts and audit report.
- Appointing the Audit and Finance Committee and approving its terms of reference.
- Approving severance and compensation payments over and above the usual 3 month salary agreement and up to **£50,000**.
- Approving property lettings over one year and / or **£25,000**.

2.3. The Audit and Finance Committee is responsible for:

- Reviewing the Trust's consolidated budget, central budget and each individual academy's budget, as well as making recommendations to the board of trustees regarding these key documents.
- Regularly monitoring expenditure and income against the budget, and making any recommendations to the board of trustees.
- Ensuring appropriate insurance or equivalent arrangements are in place for the Trust.
- Implementing appropriate accounting policies.
- Ensuring an appropriate framework of internal financial controls is established.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Acts, Charities SORP, and related DfE guidance.
- Receiving the draft annual accounts and audit report, and making appropriate recommendations to the board of trustees.
- Writing off bad debts over **£2,500**.
- Reviewing the reports on the effectiveness of the financial procedures and controls of the Trust.
- Authorising the disposal of assets over **£5,000 net book value**.
- Approving purchase orders, invoices, tenders and contracts over £100,000 (excluding those contracts procured through ESFA capital funding and the Local Authority S106 processes).
- Authorising virements to approved budgets over **£100,000**.

2.4. The Chief Executive Officer is the Accounting Officer and responsible for:

- **Regularity** – ensuring the spending of public money is only for the purposes intended.
- **Propriety** – operating appropriate standards of conduct, behaviour and corporate governance including fairness, integrity, avoidance of personal profit from public business, even handedness and open competition.
- **Value for money** – prudent and economical administration of the financial affairs of the Trust including the day to day organisation, staffing and management of the Trust.
  - The Accounting Officer also has a duty to take appropriate action if a governing body, the Trust Board or the Chair, is contemplating a course of action which he or she considers would infringe the requirements of propriety or regularity (including the provisions of the Funding Agreement, the academy’s Development Plan, or other documents setting out the financial duties of the governing body or of any other rules governing the financial conduct of the body), or would not represent prudent or economical administration, or the efficient or effective discharge of the Trust’s or a governing body's financial functions.
  - Approving purchase orders, invoices, tenders and contracts between £50,000 and £100,000 (excluding those contracts procured through ESFA capital funding and the Local Authority S106 processes).
- Approving severance and compensation payments up to the value of 3 months’ salary.
- Authorising virements to approved budgets between **£50,000** and **£100,000**.

## 2.5. The Head of Finance is responsible for:

- Acting as the principal finance officer for the Trust.
- Ensuring that the Trust’s financial position is managed at a strategic level within the framework for financial control determined by the board of trustees and set out in the Academies Trust Handbook.
- Ensuring that all financial matters focus on the wider needs of the Trust, rather than on any one individual academy.
- Working with auditors to provide assurance to the Audit and Finance Committee and board of trustees.
- Ensuring the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust.
- Challenging finance staff in order to ensure that value for money is routinely obtained.
- Ensuring effective financial policies are in place and are reviewed frequently.

- Acting as an authorised signatory of the Trust bank account and the bank accounts of the academies within the Trust.
- Ensuring that forms and returns for the Trust are sent to the DfE and ESFA in line with requirements.
- Authorising the disposal of assets between **£1,000** and **£5,000 net book value**.
- Authorising tenders between **£10,000** and **£50,000** for the Trust.
- Approving purchase orders, invoices and contracts between £10,000 and £50,000 (excluding those contracts procured through ESFA capital funding and the Local Authority S106 processes).
- Authorising virements to approved budgets under **£50,000**. Should an overspend be anticipated, then a conversation should take place with the Head of Finance in the first instance.
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2.6. The Head of Business and Operations is responsible for:

- Acting as the principal business and operations officer for the Trust.
- Ensuring that all business and operational matters focus on the wider needs of the Trust, rather than on any one individual academy.
- Ensuring effective operations and business policies are in place and are reviewed frequently.
- Ensuring that forms and returns for the Trust are sent to the DfE and ESFA in line with requirements.
- Approval of invoices for work undertaken relating to contracts procured through ESFA capital funding and the Local Authority S106 processes.

2.7. The LGB is responsible for:

- Reviewing the budget for their individual academy.
- Ensuring that any grants are used for the purposes intended.
- Reviewing the actual income and expenditure against the approved budget for their individual academy.
- Approving tenders up to **£10,000** for the individual academy.
- Writing off bad debts between **£500** and **£2,500**.
- Approving the appointment, pay and contractual terms of members of the SLT in their individual academy on the proviso that these have been budgeted for and agreed by the Chief Executive Officer (CEO).

- Approving recommendations from their academy's Head Teacher in relation to the appointment, pay and contractual terms of members of staff on the proviso that these have been budgeted for and agreed by the Chief Executive Officer (CEO)

2.8. The Head Teacher of each individual academy within the Trust is responsible for:

- Ensuring budgetary control within approved budgets.
- Authorising contracts and orders, up to the value of **£5,000**, reporting all decisions to the local governing body (LGB).
- Authorising payments from the academy's bank account and BACS payments, unless undertaken by the central team.
- Signing cheques (until cheques withdrawn) and acting as the named charge card holder, or delegating to an appropriate named member of staff
- Approving new staff appointments, providing that any appointment is accounted for within the budget.
- Making recommendations to the LGB regarding staff pay.
- Checking and authorising staff time sheets and staff expenses.
- Ensuring that draft budget papers are prepared for the consideration of the LGB.
- Authorising the disposal of assets up to **£1,000** net book value.
- Appointing the School Business Manager (SBM) in conjunction with the Finance Lead.
- Writing off bad debts up to **£500**.
- Reviewing the accuracy, and authorising the submission of, the pupil and workforce census.

2.9. It is recognised that the SBM role (together with the finance and administration staffing mix) will vary from academy to academy. Nevertheless (unless stated otherwise within individual job descriptions) it is broadly anticipated that the SBM is responsible for:

- Managing day-to-day financial issues, including the establishment and operation of the accounting system and ensuring all transactions are posted to the Chart of Accounts posting analysis (School, Cost Centre, Nominal and Fund)
- Maintaining effective financial internal controls.
- Ensuring that all goods purchased through the academy systems are for academy and not personal use.
- Drafting original and revised budgets in cooperation with the Head Teacher and with the support of the central team.



- Maintaining the accounting records.
- Ensuring that purchase orders are raised prior to ordering goods / services, wherever possible
- Ensuring that all invoices are checked against purchase orders and delivery notes, where applicable, and that all invoices are checked for correct pricing and arithmetical accuracy.
- With the exception of disputed items, ensuring that invoices are submitted to the Central office in time for payments to be made to suppliers within **30 days** (or in accordance with contract terms) after the date of the invoice, where the invoice is received in a timely manner (other than during the summer holiday period).
- Monitoring the budget on a monthly basis.
- Ensuring monthly completion of bank, petty cash and other reconciliations is completed in line with prescribed timescales (unless these reconciliations are agreed to be undertaken by the central team where liaison on the posting of transactions is required).
- Monitoring cash flow during the month and liaising with the central team regarding this, where necessary.
- Acting as an authorised signatory for the purposes of approvals of purchase orders purchase invoices and employee claims to a maximum value of £500 or a lower as annually determine by the Head Teacher in agreement with the LGB and Head of Finance.
- Managing and processing payroll, subject to appropriate authority, (unless undertaken by the central team)
- Ensuring that proper checks and controls are in place to cover day-to-day activities.
- Ensuring value-added tax (VAT) is correctly accounted for.
- Liaising with the central team in respect of any queries, and ensuring data is supplied for preparation of annual accounts and ESFA accounting returns within agreed timescales.

### **3. Budget setting**

- 3.1. The budget is a working document which may need revising throughout the year as circumstances change. Any significant revision will be reported to the Audit and Finance Committee and the LGBs, as well as the board of trustees.
- 3.2. The budget planning process follows an annual planning cycle and consists of the following four phases:

- Planning
- Budget setting
- Monitoring
- Review

3.3. The budget process incorporates the following elements:

- Forecasts of likely pupil numbers to estimate the amount of DfE grant available;
- Review of other income sources;
- Review of past performance against budgets;
- Class sizes/structures and staff deployment;
- Identification of potential efficiency and budget containment actions;
- An annual review of expenditure headings to reflect known changes and expected variations in costs, such as pay increases, inflation or other anticipated changes.

3.4. Each individual academy within the Trust will have an independent budget which will be managed by the LGB.

3.5. A balanced draft budget for each academy (which can draw upon unspent funds from previous years) for the forthcoming financial year will be approved by the LGB, and this approval will be minuted.

3.6. The annual budget will reflect the best estimate of the resources available for the forthcoming year and will detail how those resources will be utilised, establishing clear links to support the objectives identified in the school development plans.

3.7. Both medium-term and short-term financial plans should be prepared for the Trust and each of the academies in the Trust.

3.8. As part of the development planning process, medium-term financial plans are prepared. The development plan indicates how the academy's educational aims and other objectives are going to be achieved within the expected level of resources.

3.9. The development plan provides the framework for the annual budget.

3.10. Draft budgets will be presented initially to the LGBs and then forwarded for approval by the CEO and Audit and Finance Committee, prior to final ratification by the Board.

3.11. Once the budget is agreed by the Board, this will be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

#### **4. Budget management and monitoring**

4.1. In order to implement a smooth-running planning process, the central team will create a budget timetable setting out key dates in the process.

- 4.2. A continuous review will be undertaken based on the monitoring and analysis of performance.
- 4.3. The Head Teacher and SBM are responsible for monitoring income and expenditure in their academy throughout the year.
- 4.4. A three year budget forecast will be prepared by the Head Teacher, with support from the central team, when the budget for the current financial year is being set.
- 4.5. In the event of a potential deficit budget being set (after allowing for unspent funds from previous years), this will be referred to the board of trustees to determine if there is any alternative, as ESFA approval is required.
- 4.6. The central team will oversee monthly reports for all the academies within the Trust which detail actual income and expenditure against the budget. Monthly consolidated management accounts will be submitted to the Audit and Finance Committee and the Chair of Trustees. These will be on an accruals basis and include an income and expenditure account, variation to budget report, cashflow and balance sheet.
- 4.7. Any potential overspend against an academy's overall budget needs to be raised with the central finance team and CEO.
- 4.8. Should the academy's approved balanced budget be over-spent, regardless of whether they have brought forward funds available, the Head of Finance should be notified if.
  - 4.8.1. The overspend is in excess of £10,000 or
  - 4.8.2. The overspend would take the school into deficit
- 4.9. The monitoring process will be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate.
- 4.10. The finance committees will continually monitor the quality of the financial information presented to them in order to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.
- 4.11. The Trust will submit budget-monitoring returns to the ESFA on an accruals basis in the required format and by the required deadlines.

## **5. Register of interests and related party transactions**

- 5.1. All academies within the Trust will act in accordance with the **Conflicts of Interest Policy**.
- 5.2. It is important for the Trust to demonstrate that there is no personal benefit from decisions made with regards to the spending of public money.
- 5.3. To avoid any misunderstanding that may arise, all trustees, members of the LGBs and staff members with significant financial powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services.

- 5.4. All monetary conflicts of interest will be recorded in the **Register of Pecuniary Interests** (Appendix B).
- 5.5. A second register called the **General Interests Register**, which is more widely accessible, will record who has declared interests and which category these fall into.
- 5.6. The **General Interests Register** is open to public inspection and includes all business interests, such as shareholdings, within a business or organisation which may have dealings with the Trust.
- 5.7. The disclosures also include business interests of relatives, partners and business partners, where influence could be exerted over a governor or a member of staff by that person.
- 5.8. Where an interest has been declared, trustees and staff members will not attend that part of the meeting or discussion, and this will be reflected in the minutes.
- 5.9. All meeting agendas allow for the declaration of interests at the start of the meeting.
- 5.10. If a conflict of interest is declared, this will be recorded in the **Specific Events Register** ([Appendix C](#)).
- 5.11. All transactions with related parties must be reported to ESFA **in advance** of the transaction taking place (as per Academies Trust Handbook 2018).
- 5.12. Trust's must seek approval for possible use of any related party supplier regardless of value through the online supplier declaration form.
- 5.13. Trust's must obtain ESFA's **prior approval** for contracts for the supply of goods and services to the Trust where any of the following limits arise:
- a contract exceeding £20,000
  - a contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year ending 31 August.
  - A contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.
- 5.13 For the purposes of 5.11 and 5.12 it is assumed that DGAT's related parties are a) all members of DGAT, b) all Trustees of DGAT, c) DGAT's CEO and Deputy CEO, and d) Diocese of Gloucester Education Trust and Gloucester Diocesan Board of Finance.
- 5.14 Although not required to be captured at present, it will be good practice for details of all similar 5.11 and 5.12 transactions involving Academy Head Teachers or LGB members to be captured so that appropriate reporting of those transactions is possible, if required at a later date.

## 6. Purchasing, procurement and returns

- 6.1. All academies within the Trust will act in accordance with the Trust's Policy.
- 6.2. The Head Teacher is the overall budget holder for each individual academy.

- 6.3. To achieve value for money an accepted tender will be the one that is economically most advantageous, unless it can be demonstrated that this is not the best option for the Trust and other factors outweigh any monetary savings.
- 6.4. To maintain integrity concerning the use of public funds, the following general principles will be adhered to:
- Probity – it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust.
  - Accountability – the Trust is publicly accountable for its expenditure and the conduct of its affairs.
  - Fairness – all those dealt with by the Trust are dealt with on a fair and equitable basis.
- 6.5. All requisitions must be authorised by the appropriate budget holder before passing to the office to raise an order.
- 6.6. Cost centre balances must be checked before raising any order to ensure sufficient funds are available.
- 6.7. All goods received notes should be attached to the corresponding invoice and marked to show goods/services have been received.
- 6.8. All invoices will be authorised by the Head Teacher, or budget holder if this is a different person, before passing for payment.
- 6.9. Credit notes should be offset against the invoice to which the credit relates, ensuring it is posted to the appropriate cost centre/ledger code.
- 6.10. The Trust will aim to achieve the best possible value for money for all its purchases, ensuring that services are delivered in the most economical, efficient and effective way.
- 6.11. The Head Teacher and SBM of each individual academy are responsible for ensuring procedures are in place for testing the market, placing orders and paying for goods / services.
- 6.12. If a budget holder is pursuing a query with a supplier, the SBM will be informed of the query and periodically kept up-to-date with progress.
- 6.13. The CEO is responsible for ensuring that a value for money review is included within the annual accounts in accordance with DfE requirements.
- 6.14. Routine purchases up to a value of **£500** can be made by the budget holder for each individual academy.
- 6.15. The Head Teacher of an individual academy may authorise orders up to the value of **£5,000**.
- 6.16. All orders above **£5,000**, but below **£10,000**, will be authorised by the LGB.

- 6.17. All orders above **£10,000**, but below **£50,000**, will be authorised by the Head of Finance.
- 6.18. Orders over **£50,000** but below **£100,000** will be authorised by the CEO, and orders over **£100,000** by the Audit and Finance Committee (excluding ESFA capital funding and Local Authority S106 processes).
- 6.19. Where practicable, three written quotations will be obtained for all orders between **£5,000** and **£25,000** in value, in order to identify the best source of the goods/services.
- 6.20. Goods/services ordered with a value of **£25,000** or more, or for a series of contracts which in total exceed **£25,000**, are subject to formal tendering procedures.
- 6.21. All tenders for capital projects will be the responsibility of the central office.
- 6.22. Capital expenditure using revenue funds is subject to the standard revenue expenditure approvals.
- 6.23. EU regulations apply to all tenders over specified monetary thresholds. The sterling equivalents are amended on 1 January of each even-dated year, and the current thresholds are **£181,302** for goods/services and **£4,551,413** for works (new threshold from 01/01/2020).
- 6.24. All cheques require two signatures in accordance with the bank mandate.
- 6.25. All cheque books will be held securely with access restricted to designated staff.
- 6.26. It is expected that payments will normally be made through the Bankers' Automated Clearing Services (BACS) and authorised in line with the bank mandate.
- 6.27. The ESFA have strict rules with respect to leasing transactions. To ensure that the Trust remains fully compliant, details of all proposed leasing transactions (regardless of whether these are portrayed as operating or finance leases) must be forwarded to the Head of Finance for review and approval, prior to any leasing contracts being signed. The requirement for Head of Finance approval applies regardless of value.
- 6.28. No gifts should be accepted or given if the acceptance/provision could give the impression that any undue influence has been applied. Any gifts given must be for a reasonable value (no more than **£50**), must be fully documented and must have due regard to propriety and regularity in the use of public funds. Gifts of alcohol are strictly forbidden.
- 6.29. Any parking or speeding fines incurred whilst on Trust or individual academy business will be the responsibility of the driver, and not the Trust or individual academy concerned.
- 6.30. If a request is received to change a supplier's bank account details it is essential for the Central Finance Team to contact the supplier (using the contact details that we already hold, and not those quoted on the update request) to check the authenticity of the request before updating any bank details held on DGAT's systems.

## 7. Income and expenditure

- 7.1. The main source of income for the MAT and the academies involved is through the grants received from the ESFA.
- 7.2. The central team monitors the receipt of grants, ensuring that all grants due to the academies within the Trust are appropriately collected.
- 7.3. The Trust collects income from parents / carers / other organisations via numerous methods including, but not limited to, the following:
- School meals
  - Trips and residential visits
  - Book bags and uniform
  - Additional nursery sessions
  - Breakfast and after school club
  - Reimbursements from various parties and activities
  - Letting the land and school buildings.

There are two main areas of expenditure:

- Salaries – this forms the largest element of expenditure. Salaries of all academy staff members will be reviewed on an annual basis by the Head Teacher. Pay review recommendations are then given to the LGB for discussion and authorisation. The finance committee confirms pay awards, incremental progression and performance led pay increases, all of which the central team can assist with costing
- Premises maintenance – a combination of maintenance surveys and historical costs will form the basis for planned maintenance. The budget will incorporate an allowance for unexpected contingencies, as well as for any small new works which may be proposed in-year.

Debts between the value of £500 and £2,500 require the approval of the LGB in order to be written off. Where a debt greater than £2,500 is to be written off the approval of the Audit and Finance Committee is required. The SBM will keep an up-to-date record of the income and expenditure for their individual academy.

The school must nominate a member of staff responsible for maintaining the record of bookings of facilities or attendance at any additional provision which incurs fees. This should be maintained in a sales ledger by the SBM. Where possible a “pay as you book” process should be in place for attendance at any additional provision which incurs fees.

- 7.4. Any money collected in return for goods or services, such as a school trip, will be banked in their entirety in the appropriate bank account.

- 7.5. Cash handled by any staff, other than those on the school office, must be kept securely and passed to the school office as soon as possible.
- 7.6. The SBM is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system..
- 7.7. Bank statements will be received monthly and reconciled to the academy's records by the SBM or central office as appropriate, as soon as possible, and no later than within 3 working days of the month end.

## 8. Cash management

- 8.1. All transactions regarding cash flow are recorded by the SBM (or the central team where otherwise agreed).
- 8.2. If significant balances can be foreseen, steps will be taken by the Central team to invest the surplus funds if market conditions for investment are favourable.
- 8.3. Payment via multi pay card requires the same authorisation as that of cheques and all purchase should be made in accordance with the Charge Card Policy.
- 8.4. If an academy (in order to achieve value for money) wishes to buy from an on-line site (e.g E-bay or Amazon) it should do so through an 'academy account' rather than a 'personal account'.
- 8.5. It is the Trust's preference that all payments are made through the electronic BACS system. Exceptionally, any petty cash tin kept at any academy within the Trust is the responsibility of the SBM and there will be a maximum amount of **£300** stored in the tin.
- 8.6. Details of monies held in the safe will reflect balances shown in the cash book. To comply with Risk Protection Arrangement terms, full records should be kept with a maximum of £5,000 held, and outside of business hours the safe shall be locked, with the keys not left on the premises.

## 9. Payroll and staff payments

- 9.1. Payroll forms the largest element of the school budget and it is therefore essential that financial procedures and internal controls in relation to payroll are properly implemented.
- 9.2. All payroll transactions relating to Trust staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made through any other mechanism.
- 9.3. Each academy within the Trust will act in accordance with the **Pay Policy**.
- 9.4. The main elements of the payroll system include staff appointments, payroll administration and payments.
- 9.5. Payroll is notified of any staff absence using the absence recording system.



9.6. The Head Teacher and SBM are responsible for ensuring that:

- Payments are made only to bona-fide employees.
- Payments are in accordance with individuals' conditions of employment.
- Deductions, including income tax, national insurance and pensions, are properly administered.
- Payments are made only in respect of services provided to the academy.
- Amendments to the payroll are properly and promptly processed.

9.7. The Head Teacher is responsible for ensuring that the staff personnel database is kept up-to-date via the designated recording system. This will include the following information about staff members:

- Salary
- Bank account details
- Personal details
- Any deductions or allowances payable

9.8. During the spring term each year, the Head Teacher will review staffing requirements for the following academic year and propose any changes. These proposals will be reviewed and approved by the finance committee.

9.9. The LGB is responsible for authorising the following salary changes:

- Pay awards for staff
- Staffing structure changes
- Performance related pay progression

9.10. The finance lead will randomly select one employee each month and check the calculation of gross to net pay, and that NI and pension deductions have been applied correctly.

9.11. Payroll is continuously monitored and reviewed by the SBM in order to ensure any changes have been implemented correctly and the information is up-to-date.

9.12. Payslips will be produced on a monthly basis and administered to employees via secure email, or in person where requested, on the 20<sup>th</sup> of each month for central staff and the 28<sup>th</sup> of each month for academy staff.

9.13. Any extraordinary payments (i.e non-payroll and non staff expense reimbursement) to be made to Head Teachers must only be processed by the central team.

9.14. All staff expenses should be authorised prior to the spend, submitted using the Staff Expenses Claim form and be supported by a valid receipt. The Trust is unable to pay any claims without a receipt. Staff expenses should be kept to a minimum as far as possible, with claims over £100 being an exception.

9.15. Authorised and submitted staff expenses will be paid on the next available payment run.

## **10. Remissions and charging**

10.1. The **Trust** is responsible for creating a **Charging and Remissions Policy**.

10.2. Each individual academy will act in accordance with the Trust's **Charging and Remissions Policy**.

## **11. VAT procedures**

11.1. The Trust, and the individual academies within it, are not registered for VAT, however they are entitled to reclaim VAT on qualifying purposes through a monthly VAT 126 return.

11.2. Under legislation, VAT claims can be made on expenditure which supports the Trust's core purposes.

11.3. A report is run for each of the academies within the Trust by the central team, in order to provide the data necessary for the completion of the VAT reclaim form.

11.4. VAT is reclaimed on a monthly basis.

11.5. Only one return for the Trust is required by HMRC.

11.6. Any invoices for which VAT cannot be reclaimed, as the purchases were for business activity, are identified and deleted.

11.7. Where invoices relate partly to business activity and partly to non-business activity, only the proportion of the VAT relating to the non-business activity will be reclaimed.

11.8. On receipt of the reclaimed VAT from HMRC, the central team will review the remittance, confirm whether this equals the claim made, sign the remittance to confirm this agreement and then transfer the reclaimed VAT to the appropriate individual academies.

## **12. The audit process**

12.1. Within the Trust there will be an Internal Assurance Reviewer (formerly Responsible Officer) auditing process, alongside the work of an external auditor.

12.2. When undergoing an audit, the Trust will provide the appointed auditor(s) with access to all books, records, information, explanations, assets and premises, and copies of any relevant documents may be taken.

- 12.3. In terms of the end of year audit, in accordance with the Companies Act 2006, the Trust will appoint an auditor to:
- Certify whether the accounts present a true view of the trust's financial performance and position.
  - Produce audited accounts.
  - Produce a letter of engagement, setting out the external auditor's services in writing.
  - Ensure that the letter of engagement provides for the removal of auditors, before the expiry of the term of office, in exceptional circumstances.
- 12.4. The Audit and Finance Committee is responsible for recommending appropriate external auditors to the Trust Board.
- 12.5. The Trust will produce a statement of regularity, propriety and compliance, and will obtain a regularity assurance report on this statement from the external auditor.
- 12.6. During November, the appointed auditors will present the Audit and Finance Committee with the annual accounts for them to review and recommend approval of the financial statements to the Trust Board.
- 12.7. The auditor's statement on regularity, propriety and compliance will be included in the Trust's annual report. This formal declaration is to ensure that the Trust has fulfilled the following responsibilities:
- Efficient and effective use of resources in the Trust's charge
  - Public money is spent only for the purposes intended by Parliament
  - Maintained appropriate standards of conduct, behaviour and corporate governance when applying the funds under their control
- 12.8. The Trust will submit the audited accounts and auditor's regularity assurance report to the ESFA by 31 December each year.
- 12.9. The audited accounts will be published on the Trust's website by 31 January the following year.
- 12.10. The Trust is required to submit financial returns to the ESFA annually, as well as the audited financial statements.
- 12.11. The National Audit Office (NAO) holds the right to access the books of accounts and all relevant records, files and reports of a Trust for inspection, or for the carrying out of value for money studies.
- 12.12. The financial accounts of each academy will be consolidated into those of the ESFA and DfE.
- 12.13. The ESFA will use a combination of audited accounts, accounts returns and other information to generate their consolidated accounts. These accounts will be audited by NAO.

12.14. Each academy is a component of the consolidation and, therefore, the Trust's management will prepare the financial information requested by the ESFA for this purpose.

12.15. The auditor(s) involved has a responsibility to advise the board of trustees and ESFA of any instances of irregularity or impropriety, as well as any non-compliance with the terms of the Trust's funding agreement.

### **13. Record keeping**

13.1. All financial transactions of the academy trust are recorded including, but not limited to, the following:

- Purchases and tenders
- Returns
- Payroll
- Cash flow
- Income and expenditures
- VAT returns

13.2. The Head of Finance is responsible for keeping up-to-date records of the Trust's financial state.

13.3. The **SBM** for each individual academy is responsible for keeping up-to-date records in relation to the finances of that academy.

13.4. Records will include, but are not limited to, the following information:

- Income and expenditure; identifying which transactions were cheques and which were cash payments
- The income and expenditure for each activity, with the activity recorded as a budget heading
- The total income and expenditure for the year
- The balance and carry forward from the previous year

13.5. Each academy has its own set of financial records for day-to-day operational purposes and budget management.

13.6. A record will be kept of all the monies kept on the premises prior to banking, as well as the amount which is kept as petty cash.

13.7. All financial records will be kept securely in each individual academy's administrative office, or secure archive

## 14. Monitoring and review

- 14.1. This policy will be reviewed on an annual basis, or when new legislation / guidance regarding the subject is published.
- 14.2. The Head of Finance is responsible for the review and monitoring of all financial records continuously throughout the year.
- 14.3. The SBM will review and monitor each individual academy's financial records, raising any concerns with their Finance Lead.

## 15. Assets

- 15.1. The portable, desirable, attractive assets of the academy, regardless of value, as well as any assets of intrinsic value will be recorded in the academy's inventory
- 15.2. The SBM is responsible for keeping the inventory up to date
- 15.3. Any inventory of items taken off site by members of staff for official purposes must be recorded in a register.
- 15.4. Fixed assets comprise of long term pieces of property such as equipment, machinery and buildings / land. All fixed assets will be recorded by the central team. The capitalisation policy is that all individual capital items over £10,000 will be capitalised as fixed assets.
- 15.5. The useful life and depreciation rate for each category of land, buildings and equipment is as follows:

<b>Category</b>	<b>Useful life (years)</b>	<b>Depreciation rate (%)</b>
Buildings	50	2
Land	125	0.8
Equipment	5	20
IT	3	33.33

## **APPENDIX A - Financial Transactions Requiring ESFA Prior Approval**

- 1) **Novel, contentious, repercussive** -ESFA agreement required (5.5);
- 2) **Special Payments** - Staff Severance and compensation-ESFA agreement required if £50,000 or more before tax (5.10 and 5.14);
- 3) **Special Payments** - Ex Gratia Payments – ESFA agreement required (5.17);
- 4) **Write Off and Liabilities (subject to £250,000 ceiling)** - writing off debts and losses and entering into guarantees, indemnities or letters of comfort – ESFA consent required if exceeds a) 1% of annual income or £45,000 individually or b) 2.5% or 5% of annual income cumulatively (5.19 and 5.20);
- 5) **Acquisition and Disposal of Fixed Assets** - Acquiring freehold land and buildings, disposing of a freehold on a land/building or disposing of heritage assets – ESFA agreement required (5.23)
- 6) **Leasing** - Taking up a finance lease and granting a lease on a lands or building – ESFA agreement required (5.26);
- 7) **Leasing** - Taking up a leasehold on land and buildings – ESFA agreement if lease term seven years or more (5.26);
- 8) **GAG** - GAG carry forward – no limits if Trust eligible (5.29);
- 9) **GAG** - Pooling by MATS - no limits (except PFI) if Trust eligible (5.30);
- 10) **Borrowing** - Loan/overdraft – ESFA agreement required (5.33);
- 11) **Borrowing** - Credit Cards (for business use) – Trust has full discretion provided charges not incurred (5.33);
- 12) **Related Party Transactions** - Supplies to the Trust from related party – ESFA agreement required over £20,000 and over associated limits in 5.42.

The bracketed reference numbers refer to the appropriate sections of the full text of the Academies Financial Handbook.

## APPENDIX B - Register of Pecuniary Interests

Name: \_\_\_\_\_ Position/role: \_\_\_\_\_

Entry number	Name of business or organisation	Nature of business or organisation	Nature of interest	Date of appointment of acquisition	Date of cessation of interest
	John Smith Stationers	Stationery retailer	Managing Director	01/09/2015	N/A
	Sleaford Town Council	Political body	Councillor	15/05/2016	15/05/2017

### Declaration

I hereby certify that I understand that it is my responsibility to declare the nature of all business or personal interests, whether direct or indirect, of myself, my partner and/or members of my immediate family, which could unfairly benefit from my relationship and connection with the school.

I also understand that it is a criminal offence to:

- Withhold information relating to conflicts of interest.
- Provide falsified information.
- Fail to notify the governing body of any changes which might invalidate this declaration.

I will also endeavour to inform the governing body of any changes to the above mentioned interests at the earliest possible opportunity.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX C - Specific Events Register**

Entry number	Date of event	Names of those involved	Description	Reference to other registers	Date of entry in SER	Authorisation signature (to be completed by the Principal or chair of governors)
	22/05/2016	Jane Smith	Left meeting due to her spouse being employed by the company discussed.	Dated 3/8/2015, entry number 24	25/05/2016	(Principal's signature)



## APPENDIX D - Summarised Financial Scheme of Delegation

	Head Teacher	LGB	Head of Finance	Head of Business and Operations	CEO	Audit Committee	Trust Board	ESFA
Revenue Orders / Payments Goods / Services	£5,000	£5,000 – 10,000	£10,000 – 50,000		£50,000 – 100,000	£100,000 +		
Virements / Budget transfers	£5,000	£5,000 – 10,000	£10,000 – 50,000		£50,000 – 100,000	£100,000 +		
Disposal of assets	£1,000		£1,000 – 5,000			£5,000 +		Land / buildings / heritage assets
Writing off debts	£500	£500 - 2,500				£2,500 +		
Capital Goods / Services	£5,000	£5,000 – 10,000	£10,000 – 50,000		£50,000 – 100,000	£100,000 +		
Capital Goods / Services (ESFA capital funding and the Local Authority S106 processes)				£50,000				
Lettings	See lettings policy						£25,000 +	

Severance / Compensation payments					Up to 3 months' salary		Up to £49,999	£50,000 +
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**Tendering Policy Summary**

Value	
£5,000 – 25,000	3 quotes
£25,000	Formal tendering