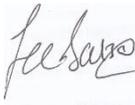


# Epping Forest Schools Partnership Trust

*Unlocking the Potential of Collaboration*

## Financial Regulations Policy

This policy was ratified by the Board of Trustees on:	3 <sup>rd</sup> July 2019
Signed by the Chair of Trustees:	
This Policy will be reviewed by the Trust on an annual basis. Next review date:	July 2020

<u>Associated documentation</u>	
Academy Trust funding agreement	1st April 2018
Academies Financial Handbook	June 2018
Academies Accounts Direction	July 2019
Financial Reserves Policy	March 2019
Donations Policy & Procedures	tbc

This document sets out the regulations for the 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 and Skills Funding Agency (ESFA).
2. The 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 system manual which 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

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

4. The 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 Trust Finance Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, their local governing body and the Finance and Audit Committee.
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 cost
  - identification of potential efficiency savings
  - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
  - all carry forward balances
  - any unspent grants from the previous financial year
  - any funds held in Trust
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 Finance and Audit 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 Finance Administrator in each school is 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 the academy/MAT 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 Trust Finance Manager is responsible for recording income and expenditure for each grant received at Trust level. The Finance Administrator in each school is responsible for recording income and expenditure for each grant that is received at school/SCITT/WETSA level.

#### **Funds held in Trust**

16. Where funds are held in Trust the Trust Finance Manager 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 Finance and Audit Committee and should be within the agreed criteria and financial limits.
18. The Trust Finance Manager is given delegated power to vire from one budget to another and shall seek approval from the Finance and Audit Committee and retrospectively where the amount exceeds £5,000.
19. All virements exceeding £5,000 or 2% of the budget shall require prior approval from the Finance and Audit Committee

#### **Revised Budget**

20. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Accounting Officer and the Trust Finance Manager 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 Finance and Audit

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**

As part of the funding agreement with ESFA, Academy Trusts must submit their Budget Forecast Returns (<https://www.gov.uk/government/publications/academies-budget-forecast-form>)

21. The approved budget must be submitted to ESFA by 31 July each year by the Trust Finance Manager. The CEO 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 Trust Finance Manager. 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 Trust Finance Manager.
24. The monthly reports are sent to the Accounting Officer and the Finance and Audit Committee.

### **Independent checking procedures**

Details of the requirements for delivering assurance are found in the financial handbook (<https://www.gov.uk/government/publications/academies-financial-handbook-2015>). In this section you should explain which arrangements you have in place from:

- An internal audit service
- Supplementary programme from the external auditors
- Appointment of non-employed Trustee
- Peer review

## Review of regularity

The Chief Executive (in their role as Accounting Officer) must ensure the appropriate measures are in place for reviewing regularity. We have provided a regularity checklist on our good practice library (<http://www.nasbm.co.uk/ESFALibrary.aspx>) and you may want to enforce completion as shown below.

The Academies Accounts Direction S9.2 (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement and potential tests.

25. The CEO (in their role as Accounting Officer) reviews the following documents termly to ensure the Trust is working within the boundaries of regularity and propriety:

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

The Accounting Officer has delegated the following responsibilities to the Trust Finance Manager:

- 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

26. A checklist is completed for each review undertaken.

## Annual accounts

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

27. The Trust must prepare annual audited financial statements for the accounting period to 31 August.

28. The accounts are outsourced to our auditors for preparation.

29. The accounts are then submitted as follows:

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

## Value for money statement

Value for money must be reviewed annually and examples must be focussed on how educational outcomes have been improved. The accounts direction s4.2.5 (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement in further detail.

30. As part of the annual accounts, the Trust must include 3 focussed examples of value for money.
31. The Trust Finance Manager is responsible for collating the examples which are then confirmed by the Finance and Audit Committee.

## Audit arrangements

32. External auditors must be appointed in accordance with the Academies Financial Handbook.
33. The Trust Finance Manager 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

34. The Trust Finance Manager is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
  - reviewing the structure of the trial balance
  - maintaining a fixed asset register
  - 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

35. The Trust Finance Manager is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:
  - stock take and including of year end stock value
  - prepayments for IT licenses
  - prepayments or accruals for grant income
  - control account reconciliations (bank, wages, debtors, creditors)

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- close down of the purchase ledgers
- close down of the Sales ledgers and aged debtors
- pension valuations
- Pension Audit

### Accounts Return

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

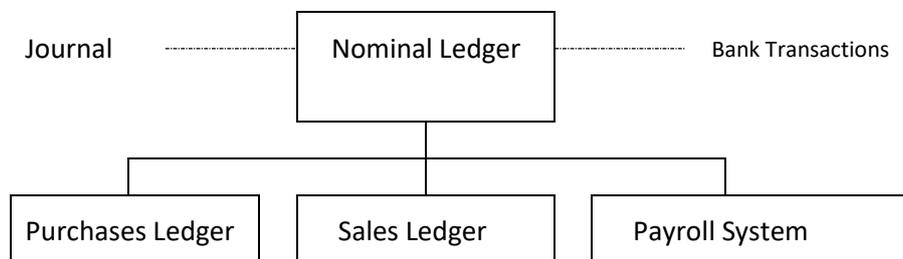
36. The Trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 31 January.
37. The accounts return is outsourced to our auditors for preparation.

### Document retention

38. 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 leaves the school

### Accounting system

39. All the financial transactions of the Trust must be recorded into Sage, the computerised financial information accounting system. This system is operated by the Finance Department and consists of:



\_\_\_\_\_ Automatic update  
 ..... Manual update

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## **System Access**

40. Access to the system is password restricted and access is only given to finance administrators, Headteacher at Ivy Chimneys who is the main administrator, the CEO and the Trust Finance Manager, or any other users have been authorised by the Accounting Officer e.g. external accounting providers.
41. When passwords are changed, the new password should be placed in a sealed envelope and passed to School Office Manager (or equivalent) to keep in the safe. The Trust Finance Manager is responsible for implementing a system which ensures that passwords are changed regularly.

## **Back-up Procedures**

You may wish to update this section if you use cloud based back-ups which are held off site. There will need to be reference to appropriate authorisation and adherence to data protection.

42. The Headteacher at Ivy Chimneys, where the server is held, is responsible for ensuring that there are effective back-up procedures for the system. Data is backed up on a suitable medium or server and the copies stored in a secure place (in a fireproof container). Back-up copies are taken on at least a daily basis.
43. A hard copy of the nominal ledger and audit trail are printed each month and stored separately from the accounting system in a fireproof container.
44. The disaster recovery plan explains what to do in the event of loss of accounting facilities or financial data. Copies are held in the fireproof container.

## **Transaction processing**

45. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
46. All journal entries are documented on the journal form, and authorised by the Headteacher, prior to being input to the accounting system.

## **Transaction reports**

47. The Trust Finance Manager reviews the following system reports to ensure that only regular transactions are posted to the accounting system:
  - the weekly audit trail reports;
  - master file amendment reports for the payroll, purchase ledger and sales ledger;
  - management accounts summarising expenditure and income against budget at budget holder level

## **Reconciliations**

48. The Trust Finance Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- sales ledger control account
  - purchase ledger control account
  - payroll control account
  - VAT control account
  - all suspense accounts
  - bank balance per the nominal ledger to the bank statement
49. The Trust Finance Manager signs all reconciliations as evidence of review.
50. Any unusual or long outstanding reconciling items are brought to the attention of and dealt with by the Accounting Officer according to the bad debt limits in this manual.

## **Cash Management**

### **Bank Accounts**

51. 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 MAT will ensure that in the event of changes to key personnel or governors/Trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
  - terms of arrangements, including cheque signatories or BACS authorisations 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**

52. 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)
53. The Finance Administrator is responsible for updating the accounting system (within 3 working days) for deposits placed.

### **Payments and withdrawals**

54. All cheques and other instruments authorising withdrawal from academy bank accounts must

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bear the signatures of two of the following authorised signatories:

- Headteacher
- CEO
- Trust Finance Manager
- Member of the Finance and Audit Committee

55. 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.

56. The Finance Administrator is responsible for updating the accounting system (within 3 working days) for deposits placed.

### **Administration**

57. The Trust Finance Manager 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 Trust Central Finance staff
- reconciliations are subject to an independent monthly review carried out by the Trust Finance Manager
- adjustments arising are dealt with promptly

### **Petty Cash**

58. The only school authorised to have Petty Cash Transactions is Oak View due to the nature of their life skills learning at the school whereby the students are encouraged to understand cash handling. The school maintains a maximum cash balance of £500 for the purchase of minor items, which is held in the office safe and is the responsibility of finance administrator.

59. The petty cash float must not be used for:

- cashing personal cheques
- paying staff loans

### **Payments**

60. In the interests of security, petty cash payments are limited to £50. 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**

61. The petty cash float is maintained on the imprest system and the float is only reimbursed from the main bank account.
62. The petty cash float is reconciled monthly by the finance administrator. The reconciliation is then reviewed by the Headteacher and initialled as evidence of review.
63. The Trust Finance Manager carries out a spot check of the petty cash float once a term.

## **E-procurement & Payments**

64. The school credit card issued by Lloyds Bank is used only when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases and to buy refreshments for meeting etc.
65. The card is kept in the safe and is only used by:
  - School Administrator (with Headteacher permission)
  - Deputy Headteacher (or other senior Teacher if no Deputy Head in school, and with Headteacher permission)
  - Headteacher
  - Caretaker
  - CEO
66. Any member of staff wishing to make a purchase on credit card must complete an order form and pass this to the School Finance/Administrator staff to make the purchase. All order forms detailing the purchase must be signed by the Headteacher prior to purchase.
67. When the credit card bill arrives there will be a signed order form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A journal is keyed for each entry on the statement and a cash book journal is raised to reconcile the statement against the bank payment.
68. The credit card bill, along with all the relevant order forms, is then given to the Headteacher who will check and sign the statement. The Trust Finance Manager will then check a sample of the transactions (minimum of 3 or 20% whichever is the maximum), and sign the authorisation form. These are then filed away together in the credit card folder, until the end of the financial year, when they will then be transferred to the finance storage box for that year.

## **BACS Payments**

69. On receipt of an invoice, the budget holder signs the invoice, to signify:

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- 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

70. The payment is then prepared and the BACS payment then passes on to two of the approvers for payment.

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

72. The School Finance Administrator ensures that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the School Finance Administrator should request that the individual states his self-employment reference number on any invoice issued to the school.

### Investments

You can access our 'Investments Policy' template on our ESFA library:

<http://www.nasbm.co.uk/ESFALibrary.aspx>

73. Investments are made in accordance with written procedures approved by the governing body.

74. 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

You can access our 'Capital and Revenue Reserves' template on our ESFA library:

<http://www.nasbm.co.uk/ESFALibrary.aspx>

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

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

77. If the Trust is anticipating a deficit at the end of any financial year, the Trust Board and Accounting Officer have a responsibility to ensure action is taken at the earliest opportunity to

address this issue. The Trust Board must ensure that a recovery plan is submitted and approved by the ESFA.

78. The Trust is working towards a plan for a contingency reserve.

### **Capital Reserves**

79. Any overall surpluses at the end of the year are carried over to the following year.
80. It is the responsibility of Trust Finance Manager to keep accurate records of the capital funds, especially where grants have been received for capital projects.

### **Payroll**

#### **Staff Appointments**

81. The local governing body has approved personnel establishment for their school. Any significant changes can only be made to this establishment with the express approval in the first instance of the Finance and Audit Committee who must ensure that budgetary provision exists for any establishment changes.
82. The Headteacher has authority to appoint staff within the authorised establishment except for replacement Headteacher whose appointments must follow consultation with the governors/Trustees. The Finance Administrator/Office Manager maintains personnel files for all members of staff which include contracts of employment.
83. The Finance Administrator/ Office Manager in each school is responsible for obtaining the relevant DBS checks and ensuring these are retained on file.

#### **Payroll Administration**

84. Payroll is administered through the Trust's payroll providers
85. All staff are paid monthly through the payroll providers. A master file is created for each employee which records:
- salary
  - bank account details
  - personal details
  - any deductions or allowances payable
  - other legal and relevant details
86. New payroll files can only be created by the School Finance Administrator in each school with the express approval of the Headteacher. Any master file amendments made by the School Finance Administrator must be printed out each month prior to the payroll run and must be authorised by the Headteacher.

87. Each school must provide details to their payroll providers for staff sickness and other absences during the month and any new appointments or terminations.
88. Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee and signed off by Headteacher.

### **Payments**

89. All salary payments are made by BACS.
90. The School Finance Administrator will prepare a reconciliation of payroll. This reconciliation is reviewed by Trust Finance Manager.
91. 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.
92. The Trust Finance Manager selects at least three employees at random each term for each school and checks the calculation of gross to net pay to ensure that the payroll system is operating correctly. The check is recorded and reviewed by the Accounting Officer.
93. After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Trust Finance Manager 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 Trust Finance Manager checks each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

### **Salary advances**

95. The Trust does not award salary advances.

### **Overtime**

96. Overtime is recorded by the individual and submitted by 1st of each month to Headteacher for authorisation. The Finance Administrator completes the claim forms and copies of the time sheets in the main office.
97. Claim forms must not be submitted prior to work having been undertaken.
98. No payments for work undertaken will be made other than via the payroll system.

## Severance payments

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

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

## Ex-gratia payments

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

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

## Income

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

## ESFA grants

103. The main sources of income for the school are the grants from the ESFAs. The receipt of these sums is monitored directly by Trust Finance Manager who is responsible for ensuring that all grants due to the school are collected.

## Other grants

104. The receipt of these sums is monitored directly by Trust Finance Manager who is responsible for ensuring that all grants due to the school are collected.

## Catering

### *If cash payments*

105. Cash payments must be reconciled on a daily basis by School Finance Administrator to the lunch records and signed as evidence of reconciliation. The school meal numbers and cash totals are then to be entered onto the weekly banking sheet. The cash is kept in the safe prior to weekly collection for banking. The School Finance Administrator must reconcile the weekly

banking sheet to actual receipts banked.

### ***If electronic cash collection***

106. The daily/weekly bank credits are reconciled to the Sims Agora/Tucasi reports in the first instance. Monthly checks are undertaken by Finance Administrator and cross referenced to a sample of individual pupils.

### **Lettings**

107. The School Office is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation.

108. Details of organisations using the facilities will be held by the School Finance Administrator who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.

109. 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**

110. Income from other sources (for example educational consultancy) is priced in consultation with Trust Finance Manager. 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. The Trust Finance Manager approves all credit agreements.

### **Gift aid**

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

111. To ensure the Trust, in its position as an exempt charity, receives all the monies it is entitled to, the Trust Finance Manager will

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

### **Bad debts**

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

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112. The Trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.
113. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Finance Administrator submits a report to Trust Finance Manager for approval of write off.
114. The following write off limits apply:
- Up to £250 – Trust Finance Manager
  - £250 to £500 – Accounting Officer
  - Over £500 – Trustee Board and refer to debt collecting agency

### **Purchasing**

You can access our 'Procurement and Tendering Policy' template on our ESFA library:  
<http://www.nasbm.co.uk/ESFALibrary.aspx>

115. The 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**

116. 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 online financial information system.
117. Routine purchases up to £6,000 can be ordered by the school. A quote or price must always be obtained before any order is placed (please refer to point 128). Copies of all quotes must be attached to the order form. A list of approved suppliers has not yet been collated by the Trust at the time of agreeing these Financial Regulations.

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## **E-procurement**

118. Any member of staff wishing to make a purchase on credit card must complete an official order form in the usual manner and pass this to the Headteacher to make the purchase. All order forms detailing the purchase must be signed by the Headteacher

## **Orders**

119. All orders must be made, or confirmed, in writing using an official order form, stocks of which are held by the school. Orders under £6000 must bear the signature of the Headteacher and must be forwarded to the Finance Administrator to check to ensure adequate budgetary provision exists before placing the order. Orders in excess of the £6000 should be authorised by the Trust Finance Manager who will check the spend against budget before authorising.
120. Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure.
121. The school must make appropriate arrangements for the delivery of goods to the school. On receipt the school office 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.
122. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Administrator should be notified. The Finance Administrator will keep a record of all goods returned to suppliers.
123. All invoices should be sent to the School Office. Invoice receipt will be recorded by the Finance Administrator into the Financial Information System purchase ledger module. The Finance Administrator will stamp invoices with a grid against which the following can be evidenced by the budget holder authorising payment:
- invoice arithmetically correct
  - invoice posted to purchase ledger
  - goods/ services received
  - goods/services as ordered
  - prices correct
  - invoice authorised for payment
  - payment authorised
  - VAT treated correctly
  - payment made
124. The School Office must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Finance Administrator. The School Office must undertake these checks without undue delay and in

any case within 7 days of invoice receipt.

125. If the School Office is pursuing a query with a supplier the School Finance Administrator must be informed of the query and periodically kept up to date with progress.
126. The School Finance Administrator will then input details of payments to be made to the purchase ledger.
127. BACS payments are input by the Trust Finance Manager and authorised online by two signatories in accordance with the banking policy and procedures (see E-procurement and Payments above).

#### **Orders over £3,000 but less than £20,000**

128. At least three written quotations should be obtained for all orders between £3000 and £20,000 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 emailed confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.

\*\* With the exception of the school stationery order, catering food stuffs and school trips.

#### **Orders over £20,000**

129. All goods/services ordered with a value over £20,000, or for a series of contracts which in total exceed £20,000, must be subject to formal tendering procedures.

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

130. Purchases **over £181,302** are to be dealt with in accordance with OJEU

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

## Trading with related parties

The Trust will manage trading with related parties, ensuring no conflicts of interest and adequate disclosure within the academy Trust's accounts by ensuring all Members, Trustees, local governors and budget holders (i.e Headteachers) all disclose their related party interests at every meeting and this is minuted. Declarations of Interests forms should be completed on annual basis or earlier when a change of circumstance occurs. Declarations of interest should be made available on the website.

Key management personnel need access to declared business interests to ensure related parties are identified early and the register of pecuniary interests is cross-referenced.

From the 1st April 2019 any related party transaction exceeding the value of £20,000 needs prior approval from the Secretary of State. The link below details the procedure to notify the Secretary of State:

<https://www.gov.uk/government/publications/related-party-transactions-information-for-academy-trusts/declare-or-seek-approval-for-related-party-transactions-summary-guidance>

Headteachers should contact the Trust Finance Manager and Accounting Officer as soon as they believe there could be a possibility of this procedure above being triggered.

It is recommended that schools avoid using a supplier where there has been a related party disclosed.

## Trading with connected parties

The Trust will manage trading with connected parties, ensuring no conflicts of interest and adequate disclosure within the academy Trust's accounts by ensuring all Members, Trustees, local governors and budget holders (i.e Headteachers) all disclose their connected party interests at every meeting and this is minuted. Declarations of Interests forms should be completed on annual basis or earlier when a change of circumstance occurs. Declarations of interest should be made available on the website.

Key management personnel need access to declared business interests to ensure connected parties are identified early and the register of pecuniary interests is cross-referenced.

## Goods and services for private use

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

## Forms of Tenders

132. 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 Headteacher must discuss and agree with Trust Finance Manager how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if

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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**

133. Full consideration should be given to:

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

134. 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.

135. A tender brief must always be prepared and is reviewed by a member of the Finance and Audit Committee.

### **Invitation to Tender**

136. 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.

137. An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project

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- 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**

138. The invitation to tender should state the date and time by which the completed tender document is received by the 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**

139. 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 persons present to include the Headteacher and the Trust Finance Manager
- For contracts over £25,000 – the Trust Finance Manager or the CEO plus a member of the Finance and Audit Committee

140. A separate record details the names of the firms submitting tenders and the amount tendered. The record is signed by both people present at the tender opening.

### **Tendering Procedures**

141. 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.

142. 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.

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

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

## Insurance

145. We have opted in 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>

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

147. 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

You can access our 'Governor Allowances Policy' template on our ESFA library: <http://www.nasbm.co.uk/ESFALibrary.aspx>

148. All Governors/Trustees of the 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

149. The Governing Body acknowledges that:

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

150. Governors/Trustees wishing to make claims under these arrangements must complete a claims form from the School/Trust Office together with the relevant receipts. The form must be submitted to the School/Trust Office within two weeks of the date when the cost were incurred, when they will be submitted for approval by the Chair of Governors/Trustees.
151. Claims will be subject to independent audit and may be investigated by the Chair of Trustees (or Chair of Finance and Audit Committee in respect of the Chair of Trustees) if they appear excessive or inconsistent.

### **Gifts**

152. Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £50 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).
153. Gifts that have been reported are entered onto the Gifts and Hospitality register.

### **Energy Management**

154. The Site Manager (or Headteacher where there are no site staff) is responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Meters should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual readings should be raised with the Headteacher immediately.
155. The Site Manager (Headteacher where there are no members of site staff) ensures that the school's heating system is operated and run as efficiently as possible.
156. The Trust Manager ensures that the school is purchasing energy at the most competitive prices available.
157. 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**

Fraud is not tolerated and requirements on notifying the ESFA are laid out in the Academies Financial Handbook. We have also produced a fraud factsheet on our library (<http://www.nasbm.co.uk/ESFALibrary.aspx>).

158. The Trust does not tolerate fraud. Where instances of fraud are found, the Accounting Officer will notify the ESFA.

## Whistleblowing

The Trust has an adequate Whistleblowing Policy in place, and also reference raising the issue with the ESFA ( <https://www.gov.uk/government/publications/complaints-about-post-16-ESFA-funded-institutions>).

## Leasing

Finance leases represent borrowing and are not allowed under the Academies Financial Handbook. We have also produced a factsheet on our library (<http://www.nasbm.co.uk/ESFALibrary.aspx>) the difference between finance and operating leases.

All new operating leases must be reviewed by the Trust Finance Manager and presented to the Finance and Audit Committee for approval.

## Pooling of GAG

A multi academy Trust has the option to pool GAG (as per the Academies Financial Handbook). This Trust has not made a decision to pool GAG.

## VAT

The information and notes provided in this section are for guidance only. The information is correct to the best of our knowledge and up to date information should be sought from HM Revenue and Customs

Dependent on your circumstances you will either submit a VAT 126 form or have a VAT registration (if taxable income is over the threshold (<https://www.gov.uk/vat-registration-thresholds>), and both are noted below.

You will also need to consider the business use VAT claim deduction and any partial exemption requirements.

## VAT 126 form

159. The Trust Finance Manager is responsible for submitting the VAT 126 form per month.

The VAT 126 form( <https://www.gov.uk/government/publications/vat-claim-for-refund-by-local-authorities-and-similar-bodies-vat126>) is filled in at Trust level, for example a MAT will only complete 1 form which includes all constituent academies.

## VAT 100 form

160. The Trust Finance Manager is responsible for submitting the VAT 100 form per quarter and ensures compliance with HM Revenue and Customs for claiming the correct levels of VAT once the Trust meets the VAT threshold.

## Construction Industry Scheme

You should only refer to the CIS if you pay subcontractors for construction or spend over a certain threshold in a 3 year period ( <https://www.gov.uk/what-is-the-construction-industry-scheme>).

## Fixed assets

The Academies Financial Handbook stipulates the delegated authorities laid out when purchasing/disposing of assets as follows:

Academy Trusts must obtain approval from ESFA for the following transactions:

- acquiring a freehold of land or buildings
- disposing of a freehold of land or buildings
- disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally

Other than land, buildings and heritage assets, Trusts can dispose of any other fixed asset without ESFA's approval. The Handbook states that Trusts must ensure that disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money.

The Trust write offs for surplus stock or assets authorisation levels are as follows:

Headteachers - Up to £250

Finance and Audit Committee - £251-£5000

Trust Board - over £5000

Some schools within the Trust occupy church land and buildings, we therefore make reference to the supplemental agreement (<https://www.gov.uk/government/publications/church-academies-model-documents>).

## **Asset register**

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

- asset description
- serial number (where applicable)
- 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

162. 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

163. Examples of items to include on the asset register include:

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

## **Security of assets**

164. All the items in the register are permanently and visibly marked as the Trust's property.

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

166. An annual count is under taken by Site staff who are 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

local governing body and Trustees.

## Disposals

Disposals of certain classes of assets must be disposed of in line with the Academies Financial Handbook (including seeking prior approval).

The Academies Handbook published in June 2018 states the following, which the Trust will adopt:

*3.5.1 Academy Trusts must obtain approval from ESFA for the following transactions: • acquiring a freehold of land or buildings • disposing of a freehold of land or buildings • disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally*

*3.5.2 Other than land, buildings and heritage assets, Trusts can dispose of any other fixed asset without ESFA's approval. Trusts must ensure that disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money.*

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

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Trust Finance 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

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

169. 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 Trust's auditors.