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**ARDEN** *forest*  
C of E Multi Academy Trust

## Financial Policy

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## Version Control

1.0 Draft document for approval covering Multi Academy Trust's responsibilities Feb 2019

### 1. Introduction

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The purpose of this policy is to ensure that the Arden Forest C of E Multi Academy Trust maintains and develops systems of financial control, which conform to the requirements of propriety and good financial management. It is essential that these systems operate properly to meet the requirements of Arden Forest Multi Academy Trust's Funding Agreement with the Department of Education.

The overriding Financial control and policy document is the Arden Forest Multi Academy Trust's Scheme of Delegation. (Appendix 1)



Arden Forest  
Scheme of Delegation

Each Academy must comply with the principles of financial control outlined in the Academies Guidance published by the DfE. This policy expands on that guidance and forms the manual detailing information on the school's accounting procedures and systems. It should be read by all staff involved with financial systems and accountability. The principles will be the same for all Academies within the Arden Forest Multi Academy Trust

## 2. Principles

The Multi Academy Trust Board and Local Governing Bodies will manage their affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life:

- **Selflessness**  
Holders of public office should take decisions solely in terms of the public interest.
- **Integrity**  
Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of their official duties
- **Objectivity**  
In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merits.
- **Accountability**  
Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness**  
Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interests clearly demands.
- **Honesty**  
Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.
- **Leadership**  
Holders of public office should promote and support these principles by leadership and example.

## 3. Organisation and Responsibilities.

Each Academy has defined the responsibilities of each person involved in the administration of its finances to avoid the duplication or omission of functions and provide a framework of accountability for directors, governors and staff

### 3.1 Reporting Structure:

**Structure is as per the Arden Forest Multi Academy Trust's Scheme of Delegation**

### 3.2 Trust Board

The Trust Board has overall responsibility for administration of the Multi Academy Trust's finances. The main financial responsibilities of the Board are prescribed in the Funding Agreement between the MAT and the DfE.  
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The main responsibilities include:

- Ensure the grant from the DfE and other restricted funding is used for the purposes intended
- Approval of the annual budget and any material changes
- Ensure a Scheme of Delegation is in place
- Ensure assets are managed effectively
- Ensure accurate accounting records are maintained
- Ensure the budget monitoring statements are a true and accurate record on income and expenditure
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- Reviewing the reports of Internal Audits on the effectiveness of the financial procedures and controls. These reports must also be reported to the local governing body.

### **3.3. Local Governing Bodies (LGB's)**

The main financial responsibilities of the LGB's are detailed in their terms of Reference, these include:

- Initial review and recommendation of the annual budget;
- Regular monitoring of actual expenditure and income against budget;
- Authorising the award of contracts up to the amount stated in the MAT's Scheme of Delegation
- Reviewing the reports of Internal Audits on the effectiveness of the financial procedures and controls.
- To review and update as appropriate the financial policies of the academy and where necessary make recommendations to the Trust Board.
- To approve expenditure as per the approval levels as specified in the MAT's Scheme of Delegation.
- To consider and approve any leasing arrangements
- To make recommendations on school premises matters including building, grounds, play areas, perimeter and access points in conjunction with recommendations from relevant sub-committees.
- To monitor and administer Health and Safety issues and policies
- To ensure that the school is staffed sufficiently to the fulfillment of the school's improvement plan (SIP) and the effective operation of the school
- To approve procedure for recruitment and appointment of staff.
- To consider applications from staff for secondments or leave of absence.
- To oversee the process leading to staff reductions
- To follow established procedure when advertising, selecting and appointing staff.
- To keep under review staff work/life balance, working conditions and well-being, including the monitoring of absence.
- To draft and recommend for adoption, the procedures for dealing with disciplines and grievances
- To establish and review a Performance appraisal policy for all staff.
- To establish and review pay policy for all categories of staff.
- To review the school staffing structure and its effectiveness annually.

The Local Governing Body may delegate these responsibilities to a sub-committee or to individuals.

### **3.4. Head Teacher. (Head of School)**

The CEO has overall executive responsibility for the MAT. The Head Teacher retains responsibilities for:

- Approving new staff appointments within the authorised establishment.
- Authorising contracts up to the amount stated in the MAT's Scheme of Delegation, reporting these decisions to the Committee.
- Signing cheques as detailed in the scheme of delegation.
- Purchasing Card Holder
- On-Line Banking & BACS Authorisation
- Approving bank account reconciliation on a monthly basis.

The Funding Agreement identified the CEO as the Accounting Officer who is personally responsible to the Trust Board for:

- Ensuring regularity and propriety
- Prudent and economic administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources to maximise benefit to the Academy and
- The day to day organisation, staffing and management of the Academy

The Accounting Officer has the duty to take action if the MAT, Local Governing Body or Chairman is contemplating a course of action, which he or she considers an infringement of propriety or regularity. Objections should be put in writing to the MAT Trust Board, details sent to the Permanent Secretary and the MAT's external auditors.

The Accounting Officer may delegate, or appoint others to assist in these responsibilities.

### **3.5. Chief Financial Officer:**

The Chief Financial Officer (CFO) works in close collaboration with the CEO and Head Teacher(s) through whom he or she is responsible to the Trust Board. The CFO also has direct access to the LGB's. The main responsibilities of the CFO are:

- The day to day management of financial issues including the establishment and operation of suitable accounting systems;
- The management of Academy's financial position at operational level;
- The maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy.
- Preparation of monthly management accounting information for consideration by the Head Teacher, Trust Board and LGBs as appropriate.
- Ensuring forms and returns are sent to the DfE in line with their reporting deadlines.
- Signing cheques / authorising BACS in accordance with the Bank Mandates
- Liaison with payroll, preparation of staff claims and reconciliation of payroll data from the Academy's payroll service provider.
- Management of the Academy's Service Level Agreements
- Authorising orders and the award of contracts up to the amount stated in the MAT's Scheme of Delegation
- Signing cheques as detailed in the scheme of delegation.
- Purchasing card holder
- On-Line Banking & BACS Authorisation
- Issue invoices to customers in line with services provided.
- Chase outstanding debt
- Maintain and validate asset register.

The CFO can delegate these responsibilities as appropriate.

### **3.6. Internal audit**

Checks and balances need to be put in place to ensure that the financial management arrangements within the Academy are monitored. The DfE (Department for Education) suggests an Internal Auditor to be appointed to fulfil this role.

The Internal Auditor (IA) is appointed by the Multi Academy Trust and is intended to provide an independent oversight of the Academy's financial affairs. The main duties of the IA are to provide the Trust Board and LGBs with on-going independent assurance that:

- The financial responsibilities of the MAT and Academies within the MAT are being properly discharged;
- Resources are being managed in an efficient, economic and effective manner;
- Sound systems of internal financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

The IA will undertake the checks and balances in line with the recommendations shown in the Finance Handbook.

General areas for review will cover the following:

- Review that bank reconciliations have been carried out each month
- Review of monthly payroll to ensure that any changes have been appropriately authorised and agreed (refer to Resources committee meetings and SLT minutes)
- Check sample orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised.
- Check of sample payments back to invoices, orders and delivery notes to confirm they are bona fide purchases.

- Review a sample of expense claims to ensure the appropriate documentation to support the claim and that the claim is appropriately authorised.
- Review returns to Department for Education to ensure the information supplied is consistent with the underlying records and internal management reports.
- Carry out spot checks of petty cash balances and supporting vouchers
- Review all major contracts and ensure formal tender procedures exist and are being followed.
- Check of sample invoices issued to customers to ensure the documentation is complete, accurate and payments received.

The IA will produce a full report after each visit to the Trust Board and LGBs.

### **3.7 Other Staff:**

All staff are responsible for the security of Academy's property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and conformity with the requirements of the Academy's financial procedures.

### **3.8 Register of Business Interests**

It is vital that Directors, governors and staff act, and are seen to act, impartially. A Register of Interests will be maintained by the clerk to Governors and will be kept up-to-date through regular review.

The register of interests must capture relevant business and pecuniary interests of members, trustees, local governors of academies within a multi-academy trust and senior employees, including:

- directorships, partnerships and employments with businesses
- trusteeships and governorships at other educational institutions and charities
- for each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began

The Academy trust's register of interests must capture relevant business and pecuniary interests of members, trustees, local governors of academies within a multi-academy trust and senior employees, including:

- Directorships, partnerships and employments with businesses
- Trusteeships and governorships at other educational institutions and charities
- For each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began

The register must identify any relevant material interests arising from Related Parties between the Academy trust's members, directors or local governors. It must also identify relevant material interests arising from close family relationships between those individuals and employees. Close family relationships are defined as: a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner

Governors and senior staff should consider carefully whether any other interests should be registered.

Relevant business and pecuniary interests of members, trustees, local governors and accounting officers will be published on the organisation's website. Governors have discretion over the publication of the interests of any other individual named on the register. The Charity Commission offers guidance on managing potential conflicts of interest in: CC29: Conflicts of interest: a guide for charity trustees.

## **4 Financial Planning CFO**

The CFO will prepare both medium and short-term financial plans. These plans are prepared to inform the MAT and Academy's strategic development planning processes for the next 3 years.

The Academy's School Improvement Plan identifies the development plan priorities over the medium term and the expected level of resources available.

Each Academy's School Improvement Plan provides the framework for the annual budget. The Annual budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources during the year.

## 5 Annual Budget and 3 year Forecasting

The budget process follows an annual planning cycle.

The Head Teacher is responsible for preparing and obtaining approval for the annual budget from the LGB or relevant sub-committee and the Governing Body must approve the budget each year in line with EFA budget submission timelines.

The approved budget must be submitted to the DfE by the published timetable each year. The CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures the submission date published by the DfE is met.

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 will be utilised establishing clear links to support the objectives identified in the School Improvement Plan.

The budget planning process will incorporate the following elements:-

- Forecasts of likely pupil numbers to estimate the amount of DfE grant receivable
- Review of potential staffing configuration
- Review of other income sources
- Review of past performance against budgets
- Identification of potential efficiency and budget containment actions
- Annual review of expenditure headings to reflect known changes and expected variations in costs e.g. pay increases, inflation or other anticipated changes.

The draft budget should be presented to the Head Teacher, the SLT and full Governing Body, together with a supporting report for approval. Once the budget is agreed this should be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints. The Trust Board will approve the budgets for each academy and the MAT's central costs.

The budget should be seen as a working document which may need revising throughout the year as circumstances change, Any significant over or under spends should be reported to the LGB through the CFO's termly Report to Governors. Any substantial changes must be approved in accordance with the MAT's Scheme of Delegation. Specific budgeted amounts will not be changed but appropriate commentary provided on the monthly cost statements for future reference.

## 6 Budget Management

The CFO will reconcile all Bank Accounts and Budgets monthly.

The Head Teacher and the LGB will receive termly budget forecast and monitoring reports from the CFO prior to any Committee meeting, on current spend against budget and forecast outturn expenditure. Such reports will be prepared on an accruals basis where appropriate in line with The Academies Financial Handbook. Recommendations will be suggested regarding appropriate action to be taken to correct any significant over or under spending and plans formulated for consideration at the LGB.

The Head Teacher may delegate elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the Academy as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the Head Teacher who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed.

Any potential overspends against the budget must in the first instance be discussed with the CFO. The LGB or nominee will continually monitor the quality of the financial information presented, to ensure that what is provided remains appropriate, particularly in terms of its timing, accuracy, level of detail and narrative.

The Original Budget must be set in the Academy's Accounting systems and up-to-date changes monitored against an Original report which will record in-year changes. An audit trail of all virements made after the approval of the original budget must be maintained.

## 7. Accounting Systems

## 7.1 Financial Accounting System

Each Academy uses HCSS Financial management system and all financial transactions must be recorded using this system. Access rights within the system are defined for each user with a unique ID and password. Users are detailed in the Scheme of Delegation.

All financial transactions relating to the Academy's budget must be recorded using HCSS. There must be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records must be stored for 7 years in accordance with the Companies Act.

- Only authorised staff and governors will be permitted access to the accounting records, which should be securely retained when not in use.
- Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified.
- All records should be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.
- The finance system must be protected by robust back up procedures. The system is backed up automatically on disc space held remotely as part of the Academy's service level agreement with its IT Support provider.

## 7.2 Transaction Processing

- All journal transfers and transactions in the Nominal Ledger will be processed by the CFO or a delegated authorised individual.
- Cash Book entries will be made by the CFO.
- Fixed Asset transactions will be made by the CFO.
- Orders on requisitions authorised in accordance with the MAT's scheme of delegation will be raised by the CFO or the School Administrator
- Invoices will be coded accordingly.
- Sales Ledger & Purchase Ledger transactions will be processed by the CFO
- BACS or Manual Payments should be raised by the CFO and countersigned in accordance with the Bank Mandate as per the MAT's Scheme of Delegation
- The CFO will obtain and review system reports to ensure only regular transactions are posted to the accounting system.
- The CFO will ensure monthly reconciliations in respect of the sales ledger; purchase ledger, payroll, nominal ledgers and cash book

## 7.3 Accounting for 'Other' Income and Expenditure:

Each Academy handles cash for school meals, trips and sundry expenses. .

- The Office Administrator is responsible for the day to day management of cash.
- The Office Administrator produces reports for cash reconciliation
- The CFO is responsible for overseeing this process and receiving information from the Office Administrator.

## 8. Payroll

The main elements of the payroll system are:

- Staff Appointments
- Payroll administration
- Payments and monitoring

### 8.1 Staff Appointments:

The Governing body approves a personnel establishment for the Academy (via the budget) which is known as the Staffing Structure and forms part of the Pay Policy. Material changes to the Staffing Structure of the Academy may only be approved by the LGB or nominated sub-committee in who must ensure that adequate budgetary provision exists for any established changes and after the required period of consultation with unions and staff.

The Head Teacher has the authority to appoint staff within the authorised staffing structure. The CFO will maintain personnel files for all members of staff, which include contracts of employment and a full record of the recruitment process requirements.

## **8.2 Payroll Administration**

Each Academy's payroll is managed by an external service provider.

All Payroll transactions relating to Academy staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made to staff through any other mechanism.

All new appointments, leavers, changes to contracts or personal details are notified to the payroll service provider using the appropriate documentation. Forms should be completed by the CFO and signed by the Head Teacher. In the case of changes to the Head Teacher's salary, forms should be signed by the Chair of Governors as per the MAT's Scheme of Delegation. Copies should be retained on the employees' personnel file and the original sent to payroll.

All personnel files shall be stored in a lockable cabinet. Only the Executive Head Teacher, Head Teachers, deputies and CFO will have access to staff files but individuals can request to see their own files in line with data protection policies.

The CFO is responsible for keeping the staff personnel database up-to-date via SIMS Personnel recording system.

Absence records are maintained by the CFO. Both paid and unpaid leave is notified to payroll using the Absence recording system.

Staff claims for overtime must be checked by the CFO and approved by the Head Teacher. Claims for overtime / variance of grade of duties, casual claims and supply claims will be entered on the systems in time for the monthly cut-off date. Claims will be countersigned by the Head Teacher and sent to payroll by the 22<sup>nd</sup> of each month for claims up to the end of the previous month.

### **8.3 Payments and Monitoring**

All salary payments are made by BACS.

The Payroll providers submit payroll reports prior to salary payments being dispatched, detailing costs and individuals' payment details. A BACS report is also submitted. The CFO will undertake a sensibility check to ensure the data does not contain major errors prior to salaries being paid. This payroll report needs to be validated by the Head Teacher.

The CFO will undertake a reconciliation of all claims for additional hours / unpaid leave and investigate any differences between the previous month's gross salary and the current month.

The payroll system automatically calculates the deductions due from salaries to comply with current legislation. The Payroll providers generate a BACS transfer from the Academy's bank account for the total salary cost for the month and is authorised to make BACS payments from the Academy's Bank Account by direct payment for the amounts of the deductions to the following agencies: Local Government Pension Scheme, Teachers Pension Scheme, HMRC, Trade Union subscriptions and any other payments as agreed between the Academies and the payroll provider.

Each year the CFO will check each member of staff's gross pay against the payroll system to the contract of employment. This is also checked by the Warwickshire Finance Officer on an annual basis.

### **8.4 Special Payments**

Special payments are transactions that fall outside the Academy Trusts' planned range of activities. They are non-statutory or non-contractual and so are subject to greater control than other payments. They include:

- staff severance payments
- compensation payments
- ex gratia payments

Specific governance relates to the making of special payments. No binding commitment to the proposed recipient of such a payment should be made prior to demonstrable compliance with this governance, which is detailed in the Academies Financial Handbook.

## **9. Value for Money (VFM) Procedures**

All orders for goods and services are subject to the rules concerning quotes and tenders as specified in the MAT's Scheme of Delegation.

## 10. Forms of Tender

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

### 10.1 Open Tender:

This is where potential suppliers are invited to tender. The budget holder must discuss and agree with the School Business Manager how best to advertise for suppliers. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

### 10.2 Restricted Tenders:

This is where suppliers are specifically invited to tender and 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 requirements,
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

### 10.3 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 existing supplier are justified

### 10.4 Preparing for Tender

Full consideration should be given to:

- Objective of project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract

It will be necessary to rank all the requirements and award scores marks to suppliers on their submission to these requirements to help reach an overall decision.

### 10.5 Invitation to Tender

**An invitation to tender should include the following:**

- Introduction/background
- Timeframes
- Scope and objectives of the project
- Technical requirements
- Implementation of the project
- Terms and conditions of the tender
- Form of response
- Contract Award Criteria

### 10.6 Aspects to consider

#### Commercial

- Comparison of like with like cost and if a lower price means a reduced service or lower quality, this should be borne in mind when reaching a decision
- Hidden costs – care should be taken to ensure tender price is the total price.
- Is there scope for negotiation?

#### Technical

- Descriptions of technical and service facilities
- Compliance to CDM

- Certificates
- Quality control procedures
- Details of previous sales and references

#### **Other considerations**

- Pre sales demonstrations
- After sales service
- Legal terms and conditions
- Warranties

### **10.7 Tender Acceptance Procedures**

The tender invitation will state the time and date by which the completed tender documents should be received by the Academy. Tender submissions should be received in plain envelopes clearly stating they contain tender documents they must be

- Date stamped and marked with the time of receipt
- Store, unopened, in a secure place prior to tender opening
- Tenders received after the deadline should not normally be accepted

### **10.8 Tender Opening Procedures**

All tenders should be opened at the same time and tender details should be recorded and signed. Two persons should be present at the opening of the tenders, this would normally be the CFO and the Head Teacher, in some circumstances this could be delegated to an agent who has been employed by the Academy to undertake the tendering process.

### **10.9 Tender Evaluation Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, which may influence their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

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

Full records should be kept of all criteria used for evaluation and for contracts over £25,000; a report should be prepared for the LGB or nominee.

The accepted tender should be one that is the Most Economically Advantageous Tender.

## **Purchasing**

The Academies will aim to achieve best value for money for all its purchases ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable. The Head Teacher is responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services by following the general principles of:

- Probity – an approach to all interested parties in the disclosure of information that lends itself to necessary scrutiny.
- Accountability – the process whereby individuals are responsible for their actions and decisions.
- Fairness – that all those dealt with by the Academy are dealt with on a fair and equitable basis.

The CFO will ensure that there is a clear separation of duties, which would, if combined, enable one individual transaction to record a complete transaction. The CFO should ensure that all financial transactions are countersigned where possible by the School Management Team.

### **10.10 Orders for Goods and services**

Budget Holders should raise an order for goods or services using the relevant requisition form

Where the value of an order is over £1000, the requisition must be accompanied with evidence of the appropriate number of quotes /or proof that VFM exercise has taken place – as per section 10. Orders will be authorised only if the VFM documentation is present and correct. Advice about suppliers or obtaining best value is available from the C F O .

- Upon receipt of a requisition form signed by the relevant budget holder, the requisition must be authorized by a signatory in line with the MAT's Scheme of Delegation (Appendix 1).
- Official orders will be raised and e mailed, faxed or posted to the supplier by the Finance Administrator
- Telephone/direct verbal ordering will be permitted only in situations where raising an official order is not practicable and with prior approval from the CFO, In such cases, a written confirmation order will be raised as soon as possible, normally within 24 hours.
- Requisition forms must have the Academy's generated purchase order recorded on it and filed in number order in the relevant office.

### 10.11 Delivery of Goods and Services

- On receipt of goods the Office clerk will check that the goods received match the delivery note and sign the note to confirm this.
- They will then check the delivery note against the original order to ensure the correct goods have been dispatched and then attach the delivery note to the original requisition form in the file
- They will raise any discrepancies with the Finance Administrator for investigation
- The goods will be passed to the budget holder
- The budget holder must ensure that the goods received are of acceptable quality. Any goods that are rejected must be notified to the Office Administrator within 2 days of delivery.

## 11. Payment of Accounts

### 11.1 Processing of Invoices

Payment for supplies and services will be paid upon receipt of an Invoice when

- It is confirmed that goods or services have been received and are of the quality expected as per section 11
- The invoice is arithmetically correct
- Prices are correct
- VAT has been treated correctly

No photocopied or faxed invoices will be paid, but invoices sent electronically by email are acceptable.

At least two people must be involved in the process of approving invoices and authorising payment. The CFO or a School Administrator will do the above checks and enter the invoices on to the system as soon as possible. The CFO will authorise the payment of the invoice within the system to make it available for payment within the Accounting System. All invoices are to be processed through the relevant system. Payments will be generated via BACS and authorised in accordance with the Bank Mandate.

### 11.2 Payments to individuals

Payments can be made to individuals on production of an invoice. An enquiry must be carried out on the individual using the HMRC, Employer Status Indicator Tool. <https://esi2calculator.hmrc.gov.uk/esi>. The generated reference number must be kept with the invoice. If the enquiry shows that the payment cannot be made to the individual via the invoice produced, the appropriate form should be completed and the individual paid through the academy's payroll provider.

## 12. Other Purchases

The Academies recognise that there are instances when it is not possible to process orders for goods and services in the normal way and items such as ingredients for cookery may have to be purchased and claimed back. Also purchasing goods and services over the internet which require payment at the time of ordering is becoming more common in practice. It is the function of the Petty Cash Account and Purchasing card to support these transactions.

### 12.1 Internet Purchases

It is expected that internet purchases will continue to be a requirement moving forward. When making a request for an internet order

- Requisitions are required as per '*ordering goods and services*' procedures above.
- The CFO holds the Purchasing card for orders placed over the Internet and orders may be placed by them, the Head teacher or the Administrator for the Office

- The transaction is recorded in HCSS as soon as possible and the transaction reference number recorded on the documentation
- The Purchasing card should be held securely by the CFO at all times and the PIN code not disclosed to any other party,

## 12.2 Reimbursements to individuals

For reimbursement of cash transactions:

- Requests for re-imbusement to individuals are to be made on the Request for Reimbursement Form and MUST be supported by receipts for the goods/services received.
- Reimbursement may be refused if the CFO considers inappropriate purchasing methods have been used, or the expenditure was not pre-approved. .
- The person being reimbursed signs for receipt of the reimbursement
- The reimbursement is recorded in the relevant system as soon as possible and the transaction number recorded on the documentation

## 13. Income

The main source of income for the Academy are the Grants from the EFA and the Local Authority. The receipt of these funds are monitored by the CFO who is responsible for ensuring all grants due to the Academy are collected.

### 13.1 Income collected by the Academy

The Academies y collect income from parents, the public or other 3<sup>rd</sup> parties for:

- School Meals
- Trips and residential visits
- Stationery
- Swimming
- Music Lessons
- Breakfast and After School Clubs
- Lettings
- Reimbursements from various parties for activities in which the Academy plays an active role.

The Academy uses cash processes and Parent Pay to administer the collection of this income. The Finance Administrator is responsible for the day to day administration of this and the collection of Income.

### 13.2 Trips / Activities

A lead teacher must be appointed for each trip. For every trip or activity an On / Off Site Activities form must be completed. The Finance Administrator is responsible for budgeting for the trip and collecting the sums due and liaising with the Lead Teacher over amounts outstanding. There must be evidence that there is no intention to make a profit from any trip or activity. Trips have to be approved by the Resources Committee and an estimated costing sheet produced prior to this review.

Further details are provided in the School's Charging and Lettings Policies (Feb 2019)



MAT Lettings Policy v.1.docx



MAT Charging Policy v.1.docx

Cash/cheques sent in via pupils must be given to the school office. Parents may pay at Reception or use Parent Pay.

### 13.3 Lettings

The policy for lettings of premises is contained in the above Charging and Lettings Policy document. The Policy and charges will be reviewed annually and approved by the LGB or nominee.

The Office Administrator is responsible for maintaining records of bookings facilities and for identifying the sums due from each organisation. Payments must be made in advance for these facilities whenever possible. Otherwise invoices should be raised and a log maintained.

The Office Administrator will be responsible for chasing outstanding debts, no debts will be written off without the express approval of the LGB or nominee. (DfE prior approval is also required if the debt to be written off is above the value detailed in the Funding Agreement).

The Debt Recovery policy is attached below.



MAT Debt Recovery  
Policy v.1.docx

## 13.4 Custody

All receipts are recorded by the Office. All cash and cheques must be held in the safe prior to banking. Banking will take place weekly or more frequently if the cash sum held exceeds £2,000.

The CFO inputs the banking amounts into HCSS and completes reconciliations between sums collected, the sums deposited at the bank and the sums posted to the accounting system during the routine month end procedure.

## 13.5 Debtors:

Debts under £50 may be written off by the Executive Head Teacher.

Debts over £50 may be written off only with the approval of the Resources Committee

Debts above the level as detailed in the Funding Agreement must be submitted to DfE for approval to be written off. The following debt recovery policy will be applied (other than for dinner money):

- If payment has not been received 30 days after invoice a reminder will be sent asking for payment within 7 days.
- If payment is not forthcoming, a further reminder will be sent, requesting immediate payment or contact the Academy to arrange repayment by instalment.
- If payment is still not forthcoming, for debts over £100, a threat will be issued to put the matter into the hands of a nominated Solicitor if payment is not received within the next 7 days.
- If not received after 7 days, the nominated Solicitor will be asked to pursue the debt and the debtor will be notified accordingly.
- Debts of £100 and less will be pursued without reference to the nominated Solicitor and will be reported on at sub-Committee meetings where governors will decide on action to be taken.
- The current aged debtors report together with details of any debts written off (under £50) and solicitor's letters sent will be provided for each sub Committee meeting.
- Dinner Money debt will be reviewed on a termly basis and a report provided to the Committee of outstanding balances. The CFO and the Head Teacher will review on a case by case basis as to whether the School pursues the debt, whether we can apply Pupil Premium funds or whether have to write it off. Any debts that are deemed to be irrecoverable should be presented to the Committee on a termly basis for approval. At the end of the school year, the position is again reviewed to ensure that any potential debt is provided for.
- The School Budget will make an annual bad debt provision against dinner money income if it is believed that there is an ongoing need.

## 14. Cash Management

### 14.1 Bankers

Each Academy has appointed a banking organisation as their bankers for all funds. The opening of all bank accounts must be authorised by the Local Governing Body who must set out in the MAT's Scheme of Delegation the arrangements covering the operation of accounts. This should include any transfers between accounts, cheque signing arrangements and the operation of systems such as BACS which must also be subject to the same level of control.

### 14.2 Deposits

Particulars of any bank deposit must be entered in a paying in slip and should include:

- The amount of the deposit and
- A report detailing all transactions
- A log is kept of monies to be paid in and reconciled to the bank statements.

The Counterfoil should include:

- The amount of the deposit
- Signature of person preparing the banking
- Signature of person checking the banking
- Report detailing all transactions sorting into department totals to CFO

- Monies can also be received via direct debits or Parent Pay transactions and again must be reconciled to the relevant bank account.

### 14.3 Payments and withdrawals

All cheques and other instruments authorising withdrawal from any of the Academy's bank accounts must bear signatures / electronic signatures in line with the scheme of delegation.

### 14.4 Bank Reconciliations

The CFO must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures will ensure:

- All Bank Accounts are reconciled to the HCSS system
- Adjustments are dealt with promptly and notified to the LGB or nominee.

### 14.5 Petty Cash Accounts

Deposits into petty cash can only be made by cash withdrawal from the Petty Cash Account or cashing a cheque on the Academy's main bank account. Deposits from other sources cannot be allowed.

Each Academy will maintain a maximum of £300 as petty cash

The CFO will:

- Ensure Petty cash is held securely
- Make reimbursements only on the 'Reimbursement to individuals'
- In exceptional circumstances make cash available to staff in advance of a receipt being available – these should be limited to small items under £10
- Reconcile Petty Cash monthly
- Make the petty cash available for checking at any time
- Record all petty cash transactions in FMS as soon as possible

### 14.6 Purchasing cards:

Purchasing cards are issued to personnel under the M A T ' s Scheme of Delegation for the purposes of paying for goods and services when the normal ordering processes are not possible. The procurement of goods and services through the use of Purchasing cards should be within the delegations of authority.

To minimise the risk of loss through possible card fraud the balance of the card account will be kept to a maximum balance of £1000 unless additional funds are required for a specified purpose.

Purchasing Card Holders will

- Ensure cards are held securely
- Ensure PIN numbers are not disclosed to any other persons
- In recognising the increased risks associated with debit/credit card use, the Academy will have available at all times, without prior notice, its Card account records for scrutiny by any member of the LGB.
- Report any instances of unauthorised card use to the CFO or Head Teacher.
- Report the loss of card or PIN details to the Bank immediately.

## **14.7 Balance Monitoring**

The CFO is responsible for reviewing cash balances to ensure that the Academy has sufficient funds available to cover day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

## **14.8 Investments**

Investments must be made only in accordance with written procedures approved by the Local governing body under a separate Investment Policy.

## **14.9 Reserves**

The Budget is managed in line with the Academy's Balances and Reserve Policy which is reviewed annually.

## **15. VAT**

### **15.1 VAT 126 Claims**

Under legislation, VAT claims can be made on expenditure supporting the Academy's core business purposes according to the simplified arrangement as detailed in the VAT Information Sheet 09/11 issued in June 2011. Claims will be made to the HMRC on form 126 by the School Business Manager monthly following full reconciliation of all accounts.

### **15.2 VAT Registration**

Guidance on VAT can be found at <http://www.hmrc.gov.uk/vat/start/introduction.htm>

## **16. Fixed Assets**

The treatment of Fixed Assets is governed in line with the school's depreciation policy as per the Asset Register.

## **17. Key Inventory**

The Key inventory is the responsibility of the Caretaker to maintain and will be kept up to date at all times. It is the responsibility of staff to report all lost and stolen keys to enable new security ensures to be put in place and for the inventory to be updated.

## **18. Computer Systems**

Systems should be in place to protect key computer data and control features will include:

- Back-up Procedures
- Passwords
- Disaster recovery plans

## **19. Reporting to the DfE**

The MAT is required to submit reports to the DfE in the following areas

- Financial Management and Governance Evaluation (FMGE)
- Annual Budget
- Budget Monitoring
- Statutory Accounts
- Value for Money statement.

## 19.1 FMGE

The MAT is required to complete a FMGE return by 31<sup>st</sup> January each year. A full return should be completed in all cases where it is the MAT's first return or the DfE have declared an inadequate rating for the Academy. In other cases, where an Academy wishes to upgrade its rating a summary FMGE return may be completed.

## 19.2 The Annual Budget

The MAT is required to send a copy of its annual budget to the DfE. This will be in the format of an income and expenditure statement on an accrual basis.

The CFO must ensure that a final budget is submitted setting out each Academy's plans for the forthcoming academic year in more detail in the required format and by the required deadline as notified by the DfE year on year and in accordance with the Academy Financial timetable.

## 19.3 Budget Monitoring

The MAT will submit budget-monitoring returns to the DfE, on an accrual basis in the required format by the required deadlines as notified by the DfE year on year.

## 19.4 Annual Accounts

As a Charitable company the Academy must comply with Company law as set out in the Companies Act 1985. This includes a requirement to prepare a Directors' report and financial statement ('annual accounts') and for these to be independently audited by a registered auditor. Financial Statements should be prepared to **31st August each year for the MAT**. They should include:

- Incoming resources from all sources receivable in the period
- Resources expended on all activities within the period
- All assets and liabilities of the Academy at the balance sheet date
- All cash received and expended within the period
- Notes to the accounts

The Annual accounts must be submitted by **31<sup>st</sup> December**. As soon as the DfE deadline, but by no later than **30<sup>th</sup> June** (10 months after the end of the accounting year), a copy of the Directors' annual report and audited final accounts must be sent to Companies Register and to the Charity Commission. A Corporation Tax submission to HMRC is also required annually.

## 21 Self-Assessment of Management and Governance

The MAT Board and the CFO will ensure that annually a self-assessment is undertaken in order to provide the EFA with an annual assurance on the adequacy of each Academy's arrangements for financial management and governance.

The self-assessment will provide assurance to the MAT's Accounting officer that conditions of funding are being met, and that appropriate systems of control are in place.

The *summary* version can be found at

<http://www.ypla.gov.uk/aboutus/ourwork/guidance/finance/academies-fmge/> and is in two sections:

Part A sets out those aspects of financial management and governance required of Academies by the Academies financial handbook and their funding agreements.

Part B is a short series of open questions asking Academies to describe how they discharge key elements of financial management and governance that are not absolute requirements.

The *summary* version is best suited to those Academies that have had more time to establish financial management and governance and are confident in their arrangements.

The *full* version can be found at <http://www.ypla.gov.uk/aboutus/ourwork/guidance/finance/academies-fmge/> and is also in two sections:

Part A, which is the same as above

Part B, which sets out key aspects of financial management and governance and lists a full range of recommended and best practice. This is to allow Academies to self-assess against comprehensive guidance.

## **22. External Auditors**

The MAT appointed Ormerod Rutter as their external auditor. This is reviewed annually. The appointment of Auditors must be approved by the Board of Trustees.

## **23. Whole of Government Accounts**

Apart from its own year-end date of 31<sup>st</sup> August, the Academy is required to supply information to the DfE as of 31<sup>st</sup> March to support the Whole of Government Accounts. The CFO will complete the WGA return with the information requested and within the published deadlines for that year.



Appendix 1.  
St. Nicholas' C.E. Primary School, Alcester  
Requisition form

**ST NICHOLAS' CE PRIMARY SCHOOL – ORDERS**

<b>REQUESTED BY:</b>	<b>DATE:</b>
<b>KEY STAGE/CURRICULUM AREA:</b>	
<b>COST CENTRE:</b>	<b>LEDGER CODE:</b>

<b>SUPPLIER:</b>	
<b>ADDRESS:</b>	
<b>TEL:</b>	<b>FAX:</b>

*IF NOT ESPO PLEASE ATTACH APPROPRIATE CATALOGUE*

DESCRIPTION	PAGE NO.	CATALOGUE NO.	QUANTITY	COST EACH	TOTAL COST
<b>TOTAL</b>					
<b>COST/CARRIED FORWARD</b>					

<b>SIGNED:</b>	<b>PHASE LEADER:</b>	<b>GRAND TOTAL:</b>
<b>HEADTEACHER:</b>	<b>DATE:</b>	

**Appendix 2.  
Specimen Signature List**

<b>Name</b>	<b>Position</b>	<b>Signature</b>	<b>Initials</b>	<b>Date Added</b>	<b>Date removed</b>
A.Walsh	Exec Head Teacher			01.09.2015	
K O'Shea	Head teacher			01.09.2015	
L Green	School Business Manager			09.10.2017	
C.Harris	Chair of Governors			09.10.2017	
V.Foy	Chair of Resources Committee			01.05.2014	
T Ward	Office Administrator			01.10.2016	