



## Bedfield and Wetheringsett Cof E Primary Schools School Finance Policy and Procedures

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seed,

### The Mustard Seed

“The Kingdom of Heaven is like a grain of mustard when it is grown, it becomes a tree, so that the birds of the air come and lodge in its branches.” Matthew 13:31 – 32

### The Mustard Seed

“If you have faith as small as a mustard seed... nothing will be impossible for you.” Matthew 17:20-21



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## Summary of Authorisation Limits:

where applicable, all monetary values shown herein exclude recoverable VAT

	Limits / Thresholds
<b>A. Committing expenditure / credit notes</b>	
Headteacher	Up to £8,000
Headteacher plus one additional signatory: MAT Chief Finance Officer / MAT Buildings Officer / MAT CEO	Over £8,000
<b>B. BACS, Direct Debit, Standing Orders and External Bank Account Transfers / Faster Payments</b>	
Authorisation by MAT Business and Finance Manager/Officer and MAT Chief Finance Officer for all online banking bank transactions	All
Two bank signatories including direct debits and standing orders (from minimum of 3 named people)	In accordance with bank mandate
<b>C. Procurement procedure for non-payroll transactions</b>	
2x Competitive quotations	Up to £3,000
3x Competitive quotations	Over £3,000 (written evidence required and retained)
Tendering procedure	Over £50,000 for period of contract
Tendering procedure + FTS	£189,330 for supplies and services (April 2021 rate)
Tendering procedure + FTS	£4,733,252 for works (April 2021 rate)

	<b>Limits / Thresholds</b>
<b>E. Writing off bad debts and disposal of stock and assets</b>	
Headteacher	Up to £500 per academic year for single items no more than £75
Local Governing Body	Up to £1,000
MAT Finance and Audit Committee	Up to £5,000
MAT Board	Amounts totalling no more than £45,000 in any single academic year
ESFA explicit prior approval	Amounts totalling in excess of £45,000 in any single academic year
Written approval from ESFA for land / buildings freehold or heritage assets above funding agreement	
<b>F. SLAs / Contract Signatories incl. lease agreements</b>	
Headteacher (after following commitment approvals and advice from MAT)	Headteacher
<b>G. Payroll and Pension</b>	
Support staff additional / casual hours	Headteacher
Teaching staff additional hours / claims	Headteacher
Starters, leavers and contract amendments (in line with approved budget spend)	Headteacher
Starters and contract amendments (additional to approved budget spend)	Local governing body

<b>H. Staff Severance or Compensation Payments</b>	
MAT Board / Chair	Up to £50,000 (non-statutory / non-contractual)
HM Treasury via ESFA	Over £50,000 (non-statutory / non-contractual)

	<b>Limits / Thresholds</b>
<b>I. Asset Register / Inventory</b>	
Capitalisation threshold	Individual items equal to or greater than £1,000 (for assets / capital works with a useful life greater than 12 months)
Attractive portable items	Individual items equal to or greater than £250
<b>J. Fraud / Theft of any funds</b>	
Report to Trust Board and Local Governing Body	Up to £5,000
Report to Education Funding Agency (via Trust Board)	Over £5,000
<b>K. Mileage Allowance</b>	HM Revenue & Customs approved rates
<b>L. Petty Cash / Expenses Reimbursement</b>	
Cheque encashment limit	Prohibited
Petty cash reimbursement (cash)	Prohibited
Staff expense reimbursement (excluding Headteacher)	Headteacher

Headteacher expense reimbursement	Local Governing Body Chair
<b>M. Safe Cash/ Cheque limits</b>	Per DfE's Risk Protection Arrangements policy

<b>Key Job Titles in School/ MAT</b>	<b>Central MAT</b>	<b>School</b>
Chair of Board	Y	
Director	Y	
Chief Executive Officer (designated Accounting Officer)	Y	
Chair of Finance and Audit Committee	Y	
Company Secretary	Y	
MAT Chief Finance Officer	Y	
MAT Buildings Officer	Y	
Local Governing Body Chair		Y
Headteacher		Y
Deputy Headteacher		Y
School Business Manager		Y

## **1. GENERAL**

1.1 In accordance with the Academy Trust Handbook, Education and Skills Funding Agency (ESFA) updates, the Criminal Finance Act and the Nolan Seven Principles of Public Life, the Board of Directors of St Edmundsbury and Ipswich Diocesan Multi Academy Trust has established a formal policy for the overall management of the Trust's budgets and the day to-day management of the Trust's financial affairs.

1.2 The purpose of this document is to ensure that the MAT's schools maintain and develop systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the funding agreement with ESFA.

1.3 The MAT must comply with the principles of financial control outlined in the academies guidance published by the ESFA. This document expands on that and provides further information on the Trust's accounting procedures and systems. This document should be read by all staff and directors involved with financial procedures and it should be readily available.

1.4 The general conditions that follow are subject to regular review and approval by the MAT Board, whom must formally minute both the review and any subsequent amendments and approval.

1.5 The MAT Board confirms that failure to observe these conditions could be considered a serious matter and may involve disciplinary procedures being implemented for serious breaches.

1.6 The MAT Board confirms that the financial management of the MAT is delegated to the Chief Executive as the Accounting Officer, subject to exceptions contained in this document.

1.7 Delegation to the Headteacher shall imply further delegation to the Deputy Headteacher /Assistant Headteacher when the Headteacher is unavailable.

1.8 Whilst the main financial responsibilities are listed for the MAT Board, Finance and Audit Committees and Local Governing Body, their specific terms of reference are not included in this document. Similarly, all the financial duties of the MAT's financial staff are not listed but may be found in their job descriptions.



## **2. DAY-TO-DAY DELEGATION OF AUTHORITY**

### **2.1 Expenditure Limits**

2.1.1 The expenditure limits are as documented in the Summary of Authorisation Limits shown above. School expenditure is permitted up to the limits defined in approved school budgets.

2.1.2 For clarity, all references to monetary values are shown in respect of the total commitment made / discharged and should be authorised accordingly. For example, an annual license billed in instalments should be authorised based on the total license value. .

### **2.2 Staff Appointments**

2.2.1 The MAT Board has approved an initial budget for each school. Any changes to the staffing structure must be agreed by the Local Governing Body and reviewed on an annual and ongoing basis.

2.2.2 The Scheme of Delegation sets out the Headteacher's and Local Governing Body's authority to appoint certain staff.

2.2.3 All personnel changes must be notified in writing to the school's Business Manager immediately.

2.2.4 All relevant forms and paperwork regarding the appointment of, or amendment to contracts, of staff should be sourced from the MAT's Human Resources (HR) service provider.

2.2.5 All personnel pre-employment checks must be completed and relevant satisfactory clearances obtained for all staff before they start their employment and renewed as per the MAT's personnel policies.

## **2.3 Bad Debts**

2.3.1 Where there is no prospect of receiving full payment or where the cost of recovery exceeds the debt owed, the school may elect to write off the debt as a bad debt in accordance with the limits specified on the Summary Authorisation Limits. Such actions should be recorded and sent to the MAT Chief Finance Officer for recording on the financial accounting system after relevant notification and approval have taken place.

2.3.2 For any write offs above the value in the annual funding letter, authorisation will be required from the ESFA.

## **2.4 Disposal of Surplus Stocks, Stores and Assets**

2.4.1 Where there is no prospect of selling items, the school may dispose of surplus stocks, stores and assets in accordance with the limits specified in the Summary Authorisation Limits. Such actions should be recorded and sent to the MAT Chief Finance Officer for

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recording on the financial accounting system after relevant notification and approval and have taken place.

## **2.5 Receiving of Goods / Acknowledgment of Service**

Receiving of goods and signing of delivery notes will not in normal circumstances be undertaken by the person(s) with responsibility for authorisation. For day-to-day operations therefore, receiving and signing for goods and services etc. must be by either the administrative staff in reception or caretakers who are not involved in the authorisation process. Delivery notes will be matched to orders on the financial accounting system.

## **2.6 Mileage Allowances and Subsistence Claims**

2.6.1 The Trust will reimburse employees, governors and eligible third parties for mileage in excess of their normal home to work commute at a rate in accordance with those prescribed by HM Revenue & Customs.

2.6.2 The claimant is entitled to be notified of this rate in advance of commencing their journey. The claimant must have suitable insurance in place to cover both the vehicle, its occupants and any thirds parties in order to indemnify the Trust against any claim.

2.6.3 All expense claims will be checked by the School Business Manager and authorised by the Headteacher. The Headteacher's claim must be authorised by the chair of the local governing body.

2.6.4 Receipts or other appropriate evidence of expenditure must be attached to the claims in respect of all purchases, i.e. rail/bus fares, subsistence, telephone calls, postage and any other purchases that may be approved. Failure to include receipts will result in non reimbursement for the item concerned. Receipts must clearly show the expenditure relates to academic and ancillary purposes. Receipts must show a valid VAT registration number in order for VAT to be reimbursed.

2.6.5 Rates of subsistence may be paid up to the HMRC rates, will not include claims for alcohol and must be supported by receipts.

2.6.6 The Trust may not reclaim VAT without a proper VAT receipt / invoice attached showing the VAT registered number of the supplier and therefore any VAT element(s) not supported by the appropriate documentation risks not being reimbursed to the individual submitting a claim for reimbursement.

2.6.7 The Trust will seek dispensation from the HMRC in order that expenses are paid without deduction of tax and National Insurance. A dispensation is a notice from HM Revenue & Customs (HMRC) that removes the requirement to report certain expenses and benefits at the end of the tax year on forms P11D or P9D. There is also no need to pay any tax or National Insurance contributions on items covered by a dispensation.

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2.6.8 The Trust aims to reimburse expense reclaims promptly once complete and duly authorised.

## **2.7 VAT Returns**

2.7.1 It is the responsibility of the MAT's Chief Finance Officer to ensure that each of the MAT's schools is correctly accounting for VAT in accordance with HMRC requirements and that VAT is promptly claimed on a monthly basis. Advice on VAT matters should be sought from the HMRC, the MAT's external auditors, Academy Trust Handbook / ESFA bulletin updates and financial support provider.

## **3. Organisation**

The MAT Board has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors, governors and staff. The financial reporting structure is illustrated below:

### 3.1 The MAT Board

The MAT Board has overall responsibility for the administration of the academy's finances. The main responsibilities of the MAT Board are prescribed in the Funding Agreement between the MAT and the ESFA. The main responsibilities include:

- ensuring that grant from the ESFA is used only for the purposes intended
- ensuring that funds from sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended
- approval of the annual budget
- appointment of the CEO and the Chief Financial Officer
- approval of the annual accounts
- approval of the Governors' Annual Report

Apart from the above, delegation of the academy's financial matters to the MAT's Finance and Audit Committee and the school's Local Governing Body.

### 3.2 The MAT Finance and Audit Committee

The Finance and Audit Committee is a committee of the MAT Board and meets in accordance with its terms of reference which contains details of responsibilities authorised by the MAT Board. The responsibilities include:

- i. Initial review and authorisation of the annual budget (final approval must be by the full Governing Body)
- ii. Receiving regular management reports, to facilitate the monitoring of the MAT's actual financial performance compared with budgeted priorities and cash flow, and to take remedial action as necessary. Such action will be reported to the MAT Board; in all cases liaison must be maintained with other appropriate committees.
- iii. Reviewing and monitoring of budget projections / medium term financial plans to ensure the budget is realistic and any financial decisions are sustainable.
- iv. Ensuring the annual accounts and other ESFA returns are produced in accordance with the requirements of the Companies Act 1985 and Companies Act 2006 and the ESFA guidance issued to academies.
- v. Authorising changes to the staffing establishment for sponsored schools
- vi. Apart from the annual budget which must be approved by the full MAT Board, approval of cash flow forecasts and any other reporting requirements for the forthcoming financial year in accordance with the timescales dictated by the Academy Trust Handbook / ESFA updates.
- vii. Determining the MAT's financial priorities through the MAT's Business Plan.
- viii. Making decisions on requests from Local Governing Bodies and headteachers that will have an impact on the MAT's financial position.
- ix. Carrying out recommendations from the MAT Board that will have an impact on the MAT's financial position.
- x. Making decisions on expenditure within the Committee's delegated powers.
- xi. Reviewing annually the School Financial Policy and Procedures.
- xii. Reviewing annually the Terms of Reference of the Finance and Audit Committee.
- xiii. Ensuring the Register of Business Interests is kept up to date.
- xiv. Annually reviewing all on going contracts.
- xv. Reviewing the various leasing agreement schemes and options available to the MAT.
- xvi. Monitoring **all** spending and income received in the MAT.
- xvii. Ensuring that funding from the ESFA and other sources is used only in accordance with any conditions attached.
- xviii. Receiving and commenting on the content of any audit report relating to ESFA funding

and monitoring the implementation of the agreed action plan. These reports must also be reported to the MAT Board.

- xix. Annually reviewing and appointing the independent external auditor to the MAT. Ensuring all the schools have appropriate internal financial controls in place and adhere to the policies and procedures as set out within the Academy Trust Handbook and ESFA updates.

### **3.3 The CEO and the Accounting Officer**

The CEO has overall executive responsibility for the MAT's activities including financial activities in its schools and is the designated Accounting Officer who is responsible to Parliament. Accounting Officers have a personal responsibility for:

- the propriety and regularity of the public finances for which they are answerable
- keeping proper accounts
- prudent economical administration
- avoidance of waste and extravagance
- effective and efficient use of all the resources in their charge

In practice, much of the financial responsibility has been delegated to the Chief Finance Officer, Local Governing Body and the headteachers but the CEO still retains responsibility for:

- signing the MAT's annual Governance Statement, jointly with the Chair of MAT Board (see latest Academy Accounts Direction)
- signing the MAT's annual Statement of Regularity, Propriety and Compliance (see latest Accounts Direction) and other returns as required by the ESFA, i.e. Budget Forecast Return
- signing the MAT's Best Value Statement
- approving new staff appointments within the central MAT's authorised establishment,
- signing cheques / authorising BACS payments and authorising contracts centrally procured contracts in accordance with the Summary Authorisation Limits page

### **3.4 The MAT Chief Finance Officer and Company Secretary**

The MAT Chief Finance Officer works in close collaboration with the CEO through whom he or she is responsible to the MAT Board of Directors. The Chief Finance Officer has direct access to the directors via the MAT Finance and Audit Committee and MAT Board. The main responsibilities of the Chief Finance Officer regarding financial management are:

- the day-to-day management of financial compliance and advice across all the schools including the establishment and operation of a suitable accounting system
- the management of the MAT's budget and cash position at a strategic and operational level within the framework for financial control determined by the MAT Board.
- systems administrator role for the financial accounting system across all the academies
- set up bank accounts as per the MAT Board's instructions and act as systems administrator for online banking
- management of financial activity between the MAT and its academies
- 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
- lead officer for external audit liaison
- preparation of regular management accounts
- financial returns to the ESFA and complete claims for ESFA grants • HMRC claims and returns for VAT, Gift Aid and Corporation Tax
- arranging central procurement and payments
- Ensuring compliance with the Financial Policy and Procedures and implementing agreed actions from the MAT Finance and Audit Committee
- completing due diligence checks of prospective schools joining the MAT

This will be achieved by a planned annual programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as set by the MAT Board. A report of the findings from each review visit will be presented to the Finance and Audit Committee.

### **3.5 The Responsible Officer (externally sourced)**

3.5.1 The academy has decided to not appoint a Responsible Officer from the MAT Board; instead checks on internal financial controls are commissioned from external sources for full independence. The checks provide the Board with an independent oversight of the MAT's financial affairs. The main duties are to provide the Board with independent assurance that:

- the financial responsibilities of the MAT Board and Local Governing Bodies are being properly discharged
  - resources are being managed in an efficient, economical and effective manner
  - sound systems of internal financial control are being maintained
- financial considerations are fully taken into account in reaching decisions.

3.5.2 This will be achieved by a planned annual programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as set by the MAT Board. A report of the findings from each review visit will be presented to the Finance and Audit Committee.

### **3.6 The Local Governing Body**

The Local Governing Body will have financial responsibilities delegated to it via the scheme of delegation. The main responsibilities regarding financial management are:

- implement the MAT's Financial Policy and procedures and authorise expenditure within the limits set out in the Summary Authorisation Limits section.
- review and monitor regular budget projections and take action where necessary. • initial approval of the academy's draft annual budget prior to submission to the MAT Finance and Audit Committee.
- the approval of pay committee recommendations for performance related pay increases other than for the headteacher, which must be approved by the MAT Board.
- ensure that the academy uses all its funding appropriately in accordance with the ESFA's requirements (Master Funding Agreement)

### **3.7 Business Manager / Finance Officer / Office Manager**

The main financial responsibilities are:

- complete financial tasks in accordance with the MAT's instructions and School Finance Policy and Procedures
- day to day execution and management of the school's financial transactions for income and expenditure ensuring they are proper, authorised and up to date on the financial accounting system
- ensure income is banked promptly and that debtors are chased
- assistance with bank reconciliations
- checks of monthly payroll reports to commitments and minimise errors
- regular reporting of the academy's financial to the headteacher, Local Governing Body and Central MAT

### **3.8 Headteacher**

The main financial responsibilities are to:

- appoint staff
- recommend performance related pay increases to the school's Pay Committee
- authorise expenditure, write off debts and stock disposal within the agreed limits
- update the Local Governing Body regularly on the school's financial position
- ensure that financial controls are operated in the school as per the MAT's School Financial Policy and Procedures

### **3.9 Other Staff**

Other members of staff will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the MAT's School Financial Policy and Procedures.

### **3.10 Register of Business Interests**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all school governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services. Further details are included in the MAT's Business Interests Policy but the main responsibilities are:

- annual capture of the register of business interests of directors, governors and staff
- annual register and any interim updates will be published on the school's website

- declarations must also be made and minuted at each meeting of the MAT Board, MAT Finance and Audit Committee and Local Governing Body.

## **4. Accounting System**

4.1 All the financial transactions of the academy must be promptly recorded on the academy's financial accounting systems: PS Financials IMP.

### **4.2 System Access**

4.2.1 The MAT must be registered under the Data Protection Act.

4.2.2 Entry to systems is password restricted and the MAT Chief Finance Officer is responsible for implementing a system which ensures that user passwords are changed at least every term whilst also ensuring access levels granted to users are appropriate.

4.2.3 The MAT Chief Finance Officer is responsible for allowing access by designated employees to authorised levels only.

4.2.4 The academy must ensure that passwords are not shared. Password reset requests can be sent to the Systems Administrator.

### **4.3 System Back-up Procedures**

4.3.1 PS Financials and IMP are cloud-based. Data is stored and hosted externally by third parties who undertake regular backups.

### **4.4 Transaction Processing**

4.4.1 Transactions should be recorded promptly on a daily basis to ensure the system is up to date across the MAT at any one time.

4.4.2 Expenditure transactions input to the accounting system must be authorised in accordance with the procedures specified in this Policy. The procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

4.4.3 Journals to transfer expenditure should be checked with the MAT Chief Finance Officer before processing.

4.4.4 Detailed information on the operation of systems may be found in the guidance manual and online help within the system.

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## **4.5 Reconciliations and Balances**

4.5.1 The school's Business Manager is responsible for ensuring that the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- control and clearing accounts
- purchase ledger control
- sales ledger control

4.5.2 Any unusual or long outstanding reconciling items older than 3 months must be brought to the attention of the MAT Chief Finance Officer who will review and recommend action.

## **5. FINANCIAL PLANNING AND REVIEW**

The MAT will prepare both medium term (3 years) and short-term financial plans. The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the school's educational and other objectives are going to be achieved within the expected level of resources over the next three years and provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the school and the planned use of those resources for the following year. The development planning process and the budgetary process are described in more detail below:

### **5.1 School Development Plan**

The school development plan is concerned with the future aims and objectives of the school and how they are to be achieved; that includes matching the school's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated. The form and content of the development plan are matters for the school and MAT to decide. Due regard should be given to the matters included within sector specific guidance for academies, any annual guidance issued by the ESFA and instructions from the MAT. The MAT will approve the development plan for sponsored academies.

#### **5.1.2 Development Planning Cycle**

Each year the headteacher will propose a planning cycle and timetable to the Local Governing Body which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives - "are the aims still relevant?"
- development of the plan and associated budgets - "how do we go forward?"
- implementation, monitoring and review of the plan - "who needs to do what by when to make the plan work and keep it on course" and feedback into the next planning cycle - "what worked successfully and how can we improve?"

- The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the headteacher.

### **5.1.3 Development Plan Content**

The completed development plan will include detailed objectives for the forthcoming academic year, as well as outlining objectives for the subsequent two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

### **5.1.4 Development Plan Monitoring**

Lead responsibility for measuring progress against school objectives is assigned to school manager. The responsible manager in each area is also expected to play a key role in monitoring performance against the defined success criteria throughout the year and report to the senior leadership team or equivalent on a termly basis. The senior management team will report to the Local Governing Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

## **5.2 Annual Budget**

5.2.1 The Headteacher and School Business Manager are responsible for preparing the annual budget using the financial tools provided by the MAT. The 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.

5.2.2 Detailed records will be kept of all information used in preparing the budget including estimation of staffing requirements and calculations of all costs cross referenced to any assumptions made.

5.2.3 The annual budget will be profiled to facilitate a cash flow estimate for each month.

5.2.4 The budget must be approved by the Local Governing Body and reviewed by the Chief Finance Officer. The extent of the review will be subject to the individual school's circumstances and whether the school is sponsored.

5.2.5 The school's budget must be submitted to the MAT Finance and Audit Committee. Any agreed amendments will be included in a consolidated MAT budget to be approved by the committee and then the MAT Board.

5.2.6 The approved consolidated MAT budget must be submitted to the ESFA in accordance with their published deadline each year for the Budget Forecast Return. The MAT Chief Finance Officer will establish a timetable which allows sufficient time for the approval

process and submit the consolidated MAT Budget Forecast Return by the required submission date.

### **5.3 Budget Planning**

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable;
- 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 base;
- 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
- consideration of asset management plans and surveys.
- ensuring that the school has budgeted business plans in place for all trading activities e.g. catering, uniform sales etc. The business plan should clearly show the anticipated operating surplus or deficit. If a subsidy is required from the budget to cover a budgeted deficit, then this must be formally approved by the Local Governing Body and recorded in the minutes of the meeting at which it was discussed and agreed. All budgeted business plans should be clearly linked to the School Development Plan.

### **5.4 Balancing the Budget**

5.4.1 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 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.

5.4.2 If a significant deficit is expected, the MAT's Finance and Audit Committee will after having reviewed all possible avenues with the Local Governing Body, will contact the ESFA for further instruction before setting a deficit budget. The MAT will manage this liaison and provide an action plan for the school.

### **5.5 Finalising the Budget**

5.5.1 Once the school's budget has been approved by the MAT Board, the relevant curriculum budgets should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints. It is the responsibility of the budget holder to manage the budget

5.5.2 Once approved, the budget should be loaded on the school's financial accounting system by the MAT Chief Finance Officer.

5.5.3 A copy of the signed budget plan should be placed in the Local Governing Body's minute file and a further copy retained by the Headteacher, the school's Business Manager and the MAT Chief Finance Officer.

## **5.6 Budget Monitoring and Review**

5.6.1 Timely and accurate monthly financial performance and position reports will be prepared by the School Business Manager and reviewed alongside the headteacher. The reports will be system generated or as agreed by the MAT Chief Finance Officer including actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Local Governing Body.

5.6.2 Supporting narrative should accompany budget monitoring reports, detailing reasons for all significant in nature or value, including both timing and permanent variances against budget alongside corrective action taken.

5.6.3 Forecasts should be prepared using the MAT's instructions

5.6.4 If financial monitoring reports are given in a non-system format, i.e. spreadsheets or user defined reports, then they should be reconciled with a system generated report.

## **5.7 Financial Returns**

5.7.1 The MAT Chief Finance Officer will be responsible for ensuring that all financial transactions are recorded on the academy's financial accounting system in accordance with the guidelines issued by the ESFA. The School Business Manager must follow instructions from the MAT in this regard.

5.7.2 The MAT Chief Finance Officer will be responsible for ensuring that Value Added Tax (VAT):

- is correctly accounted for on the academy's financial accounting system in accordance with ESFA and HMRC requirements
- is properly and promptly claimed on a regular basis and supported by relevant system reports and documentation to facilitate HMRC inspection and external audit.

5.7.3 The MAT Chief Finance Officer will be responsible for the timely and accurate submission of all financial returns, including but not limited to those required by the ESFA, the Department for Education (DfE). and in conjunction with the Business Manager, for other organisations where funding is linked to conditions of spending. All returns will be completed in the required timescales.

5.7.4 In order to give a true and fair view the financial statements for the annual accounts must be prepared according to the requirements of the Companies Act 2006 and Regulations made under the Act, and applicable United Kingdom accounting standards.

Academy Trusts must also prepare their accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (revised) ('the SORP'). They must also be prepared in accordance with the accounting policies agreed by the MAT Board. A copy of the SORP together with accompanying information sheets, other Charity Commission guidance and legislation are available to view and download from the Charity Commission website at:

5.7.5 The MAT Board is responsible for approving the MAT's annual accounts and annual report and ensuring the annual accounts are audited and submitted to the ESFA by the required deadlines. Details of financial information required are as set out in the latest Accounts Direction for the year being reported.

5.7.6 In addition to submitting accounts to the ESFA, under section 442 (2a) of the Companies Act 2006, accounts must be filed with Companies House within 9 months of the end of the accounting period.

5.7.7 A copy of the annual report and audited financial statements must be sent to the companies' registrar by the MAT on a timely basis. The registrar will levy an automatic penalty of at least £150 if accounts are filed late.

5.7.8 The Companies Act 2006 requires the MAT to publish its Annual Accounts and Annual Report. This will be done via the MAT's website. The Education and Skills Funding Agency requires publication of the accounts by the end of January on the MAT's website in the period following the conclusion of the MAT's accounting period and these will also be published on the school's website.

## **6. PAYROLL AND PERSONNEL PROCEDURES**

### **6.1 Staff Appointments and Administration**

6.1.1 Staff appointments, staff leavers and contract amendments will be authorised by the Headteacher in accordance with Section 2.2. and notified to the School Business Manager for payroll processing on a monthly basis. Any payroll transactions relating to the Headteacher must be authorised by the MAT.

6.1.2 All staff are paid monthly via BACS . The school's payroll is administered by an external provider Suffolk County Council Schools' Choice via the payroll provider's portal. Access to the system is password controlled.

6.1.3 The monthly payroll is reconciled and updated on the school's financial accounting system via the Central MAT.

### **6.2 Payroll Returns and Control Checks**

6.2.1 Details of sickness and other absences will be sent to the School Business Manager for processing on a monthly basis who then files / updates the documents for payroll processing.

6.2.2 The payroll provider will issue a timetable for payroll processing with key dates. The School Business Manager and MAT CFO will ensure those dates are met.

6.2.3 After the payroll has been processed but before payments are dispatched a file of salary payments by individual and showing the amount payable in total should be obtained from the payroll provider. The MAT will review the file in summary for the MAT and forward the school's details securely to the School Business Manager for detailed review to check:

- net pay variance from previous month investigated
- starters, leavers and variations processed correctly
- on a rolling programme over a term, check that the monthly costs are as expected from the employee's contract

6.2.4 The School Business Manager will immediately notify payroll and the MAT CFO of any over / under payments. If it is too late for the payroll provider to make changes to the payroll BACS files, the school must contact the MAT who will make alternative advances or withhold payments by contacting the bank.

6.2.5 The MAT CFO is responsible for the payroll journals affecting the school's pay codes,

bank accounts and payroll control codes, as well as ensuring completion of all necessary bank transfers.

### 6.3 Retention of Records

6.3.1 Payroll records should be kept for 6 years plus current.

6.3.2 Pension records must be retained for 40 years.

## 7. PURCHASING AND PAYMENT PROCEDURES

The MAT wants to achieve the best value for money from its purchases. This means getting the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and the MAT and its schools wish 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
- **Accountability**, all the MAT's schools are publicly accountable for their expenditure and the conduct of their affairs
- **Fairness**, that all those dealt with by the MAT's schools are dealt with on a fair and equitable basis.

Procurement advice for academies is available from the Department for Education's website in a document called [Effective Buying for your school.](#)

### 7.1 Routine Purchasing

Budget holders will be responsible for requesting the purchase of items or services from their own budgets. This will be done by the appropriate budget-holder completing an Internal Requisition request and submitting them to the school's office. This system may be paper based, electronic on PS Financials or submitted via email.

7.1.1 On receipt of the Internal Requisition Request, the school's office will check authorisation by the budget holder before raising an official order.

7.1.2 Orders are to be authorised online in PS Financials by the relevant person in accordance with **Section 2.13**. Only then may an order be transmitted to the supplier.

7.1.3 Other than where contracts and agreements exist, orders should be completed where practicable, i.e. they are not required for utilities, photocopier contract etc. but are literally, orders to be sent to the supplier to request supply of goods and services.

7.1.4 Exceptionally any urgent order that is placed verbally should be entered onto the accounting system as soon as possible so that a purchase order can be set up to register the financial commitment and sent to the supplier as a confirmation order. However, this action is not required if the invoice is received before the order is sent. In such cases, the invoice should be recorded as a Non Order Invoice on PS Financials and should be evidenced for receipt of the services.

7.1.5 All invoices should be sent in the name of the school, to the school's office and will be matched against the original order and delivery note / signatures from budget holders to confirm receipt. Suppliers that have continued with the old school's title must be requested

to resubmit their invoice correctly addressed.

7.1.6 All invoices should be authorised by the Headteacher and then entered promptly on PS Financials by the School Business Manager. Authorisation may be by way of a signature / initials on the invoice or an email confirmation which must be attached to the invoice.

7.1.7 Where capital projects or maintenance works are being carried out within the school, it is more appropriate for the MAT Buildings Officer to authorise contractor invoices for satisfactorily completed work. This will include staged contractor payments, professional fees relating to the work and any external funding returns required. These will be authorised in consultation with the MAT Chief Finance Officer

7.1.8 Invoice details must also be recorded on the MAT's invoice register which is used for cashflow and accrual purposes.

7.1.9 The MAT aims for the majority of payments to suppliers to be made by bank payment. The School Business Manager will prepare separate payment runs to suppliers for cheque or bank payments. This will require the updating of the suppliers' bank payment information in PS Financials. All invoices included in paylists must only be included when authorised inline within authorisation limits.

7.1.10 The School Business Manager will produce a payment list report from PS Financials to confirm which invoices will be included. This report together with the invoices, must be

presented for authorisation to one of the signatories from the following in order to proceed with the payment run for the cheques or BACS.

- Headteacher
- Deputy
- Assistant Headteacher

The School Business Manager must not be a signatory. In the case that an urgent payment is required, an email from either one of the signatories or from the MAT Chief Finance Officer will suffice. Such instances should not be the norm and plans should be made to cover business continuity during holiday periods and absence.

7.1.11 The "BACS" payments are future dated payments. Same day payments must be avoided unless essential due to higher fees. The MAT Chief Finance Officer should be contacted to facilitate authorisation of the file by the MAT.

7.1.12 Once invoices are properly authorised for payment, representatives of the MAT will run a weekly payment run using PS Financials and issues a remittance advice to payees via the Document Emailer section of the system. The remittance advice does not need to be retained by the school as the document is held electronically within the system.

7.1.13 The School Business Manager must ensure that all prime records are retained for six financial years plus the current year and are stored in a secure and logical manner.

7.1.14 If discounts are available for prompt payment, then payments may be made immediately, having taken into account any loss of interest that might arise. If not, payments will be issued in accordance with the trading terms of the individual contractor or supplier. Due regard must be taken of the 'Late Payment of Commercial Debts Regulations 2002'.

7.1.15 Original invoices must be marked "paid" to ensure duplicate payments are not made, together with details of the payment list reference and document number.

7.1.16 Suppliers' statements should be retained for checking outstanding payments but under no circumstances, may payments be made from a supplier's statement. Instead, a copy invoice may be requested. Copy invoices are not to be paid unless exhaustive checks have been performed to confirm that payment has not previously been made, including checking the school's previous financial system. References back to the original order are to be made in every case. Once the checks have been made, the invoice should be signed to confirm this and endorsed "**not previously paid**".

7.1.17 Amounts between £5,000 and £50,000, will be subject to the receipt of at least 3 retained quotations. Documentary evidence of the various quotations must be obtained and attached to the purchase order and appropriately authorised. Where a quotation other than the lowest is accepted, the reasons (in line with the MAT's Best Value policy) for its acceptance must be documented, attached to the purchase order, and reported to the Local Governing Body. All decisions made must be recorded in the minutes of that meeting for future reference. Approval of new contracts over £50,000 will only be made after following the tendering procedure as set out in **Section 8**.

## **7.2 Internet Purchases**

7.2.1 At all times, the same rigour of internal control must be placed on internet purchases as is normally applied to standard procurement with regard to separation of duties, authorisation controls and independent management checking. Where possible, new suppliers should be from agreed procurement frameworks to avoid the need for credit card purchases or immediate payment terms.

7.2.2 The school has not been issued with a purchase or credit card. Payment by an individual's personal card should only be considered when the above options have been exhaustively attempted and failed. Internet purchases made by an individual school should not exceed £250 in any one-week period. The correct authorisation procedure for purchases should still be adhered to and the school retains the right to refuse to reimburse the individual if the school's procedures are not followed. Reimbursement to individuals should be made in the normal manner upon production of an original invoice/receipt / delivery note.

7.2.3 Supplier invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system. This is especially important if the school is to recover any VAT element.

## **7.3 Petty Cash / Staff Expenses**

7.3.1 Schools do not have access to any petty cash, all expenditure should be through invoiced costs, or via reimbursement on staff expenses.

7.3.2 Mileage allowances and subsistence expenses should be claimed on the standard payroll form.

7.3.3 The VAT element of a claim will not be reimbursed without an adequate VAT receipt or invoice.

## **7.4 Lease Agreements**



7.4.1 The school may only take out operating leases. An operating lease means entering into an agreement to rent equipment whereas a finance lease is equivalent to committing the school to a loan, for which permission from the Secretary of State is required.

7.4.2 The school will consider the following when taking out / renewing lease agreements:

- Independent procurement advice on leases, i.e., DfE advice in the Academies Procurement Resource – Buying for Your Academy:  
<https://www.gov.uk/guidance/buying-for-schools/leasing-equipment-for-schools>
- Schemes that include 'cashback' or 'free' or subsidised equipment / goods should be avoided.
- Leasing agreements will only be made where the financial arrangements are such that they benefit the school and the MAT Finance and Audit Committee have given their approval.
- Any item procured under a lease arrangement must be in line with the MAT's Best Value statement.
- Once approval has been given, lease agreements should be signed by the Principal on behalf of the Governors.
  - The Headteacher and MAT Chief Finance Officer will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals. Some agreements will require notice of termination even though an expiry date has been specified (check the small print).

7.4.3 Any lease entered into must meet the following criteria:

- Ownership of the asset must remain with the leasing company and there is no option for the school to purchase the asset at any time;
- Any extension of the lease must be at open market values;
- The school will not benefit from any sale proceeds of the asset;
- The termination value of the lease is equal to or exceeds 10% of the value of the asset at the commencement of the lease.

## **8. TENDERING PROCEDURES**

### **8.1 Introduction to Tendering**

8.1.1 The MAT Chief Finance Officer will provide advice on tendering and assist the school with identifying technical support for more specialist or complex works. If a third party is used, it is expected to apply these regulations with the same rigour and ensure that the principles of the Office of Government Commerce (OGC) Procurement Policy and Standards Framework are adhered to.

8.1.2 Approval of contracts over £50,000 will only be made following the MAT Board's approval of the school's tendering procedure. If undertaking a high-value or EU-Qualifying purchase, an Invitation to Tender must be issued as part of the process. An Invitation to Tender (ITT) is a pack of documents sent out to potential suppliers inviting them to submit a bid.

8.1.3 Contracts for supplies and services whose values equal or exceed the Find a Tender Services (FTS) detailed in the authorisation limits summary, are subject to further requirements as per the Public Contracts Regulations 2006. Such contracts require

advertisement on the FTS portal. This is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to legislation must be published. These thresholds are net of VAT. Further advice may be found via the following link:

[Procurement Policy Note 08/20 - Introduction of Find a Tender - GOV.UK \(www.gov.uk\)](#)

## 8.2 Forms of Tenders

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

**Open Tender:** This is where all potential suppliers are invited to tender. The Headteacher must discuss and agree with the MAT Chief Finance Officer how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

**Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

**Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders, • only one or very few suppliers are available,
- extreme urgency exists,
- additional deliveries by the existing supplier are justified.

## 8.3 Preparation for Tender

Full consideration should be given to the objective of project, overall requirements, technical skills required, after sales service requirements and form of contract. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

## 8.4 Invitation to Tender

8.4.1 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.

8.4.2. An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender
- form of response.

## **8.5 Aspects to Consider**

### **8.5.1 Financial**

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision • Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation

### **8.5.2 Technical/Suitability**

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

### **8.5.3 Other Considerations**

- Pre sales demonstrations
- After sales service, warranties
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

## **8.6 Tender Instructions**

The invitation to tender should state the date and time by which the completed tender document should be received by the school. Tenders should be 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 should not normally be accepted.

## **8.7 Tender Opening Procedures**

8.7.1 All tenders submitted should be opened at the same time and the tender details recorded. A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

8.7.2 Two people should be present for the opening of tenders.

## **8.8 Tendering Evaluation and Acceptance**

8.8.1 The Local Governing Body has set a minimum requirement of 3 tenders for fair evaluation purposes and in the interest of achieving best value. In any consideration of less than that number being received, the Local Governing Body should consider whether this is sufficient and consider re tendering. Decisions to go ahead should fully document the justification.

8.8.2 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.

8.8.3 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.

8.8.4 Full records should be kept of all criteria used for evaluation and for contracts over £50,000, a brief report by the Local Governing Body should be prepared for the MAT Finance and Audit Committee, highlighting the relevant issues and recommending a decision. For contracts under £50,000, the decision and criteria should be reported to the MAT Finance and Audit Committee.

8.8.5 Where required by the conditions attached to a specific grant from the DfE / ESFA, their approval must be obtained before the acceptance of a tender.

8.8.6 The accepted tender should normally be the one that is economically most advantageous in terms of best value to the school that meets all the requirements. All parties should then be informed of the decision. Where a tender other than the lowest has been accepted, the reasons for its acceptance must be documented and reported to the Local Governing Body. All decisions made must be justified and recorded as such in the minutes of that meeting for future reference.

8.8.7 A copy of the tender documentation should be held on site for easy reference as required.

8.8.8 Acceptance of any tender will be confirmed to the contractor in writing and no work shall be started until this has been done.

8.8.9 Any contracts awarded will include a paragraph to the effect that any contractor will be prohibited from transferring or assigning, directly or indirectly, any portion of the contract to any other person or contractor, without the written permission of the Local Governing Body or MAT Board.

## **9. INCOME**

### **9.1 General**

9.1.1 The main sources of income for the school are the grants from the ESFA, local authority, students and public e.g. lettings. It is the responsibility of the School Business Manager to ensure that all income due to the school has been received, banked and that all income due is collected and reconciled to PS Financials.

9.1.2 All income received should be recorded daily wherever possible onto the school's financial accounting system. Any collection records / spreadsheets / dinner registers should contain the amount received, the name of the person / organisation making the payment, the date the payment is received, and the method, i.e. cash or cheque.

9.1.3 Any income received directly by the school should be banked on a weekly basis and **in full unless centrally agreed arrangements have been made by the MAT**. The insurance policy cover for cash and cheques held on site must not be exceeded, if a limit exists. However, if a high level of income is expected e.g. proceeds from a fete, the insurer must be informed to obtain additional short term cover if required, and the income must then be banked as soon as is practicable.

9.1.4 Personal cheques should never be cashed.

9.1.5 When income is banked the collection record must be totalled in value in order to provide a clear cross reference to the value entered on the bank paying in slip. The bank paying in slip number should then be entered onto the income collection record and in PS Financials to assist in providing a clear and simple audit trail.

9.1.6 When banking money received (either cash or cheques) the bank paying in slips will be completed in full, clearly showing the split between cash and cheques, and each cheque will be listed separately with the drawer's name or have a separate list enclosed with them to facilitate identification of drawer in cases where the cheque is returned.

9.1.7 Income received by the school will be acknowledged to the payer by either i) issue of a receipt when the cash received exceeds £15 or ii) by the collector signing an official collection record i.e. Residential Trip Payment Card. Copies of receipts issued should be retained for future reference, e.g. to resolve a dispute over payment.

9.1.8 No debts should be written off without the express approval s as contained in the Summary Authorisation Limits.

## **9.2 Custody**

9.2.1 Official, pre-numbered school receipts should be issued where no other formal documentation exists. All cash and cheques must be kept in the school's safe prior to banking.

9.2.2 Monies collected must be banked in their entirety (intact) in the appropriate bank account. The School Business Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

## **9.3 Trips**

### **Manual system (or alternatively see automated system below)**

9.3.1 A lead person must be appointed for each trip to take responsibility for the collection of sums due. He/she must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the School Business Manager.

9.3.2 A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

9.3.3 The School Business Manager should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a regular basis and the lead teacher is responsible for chasing the outstanding amounts.

### **Automated System**

9.3.4 Schools may use a spreadsheet or payment card system for recording and collecting payments for trips / events clearly identifying details of payments made including date, by whom, whether cash or cheque and outstanding balances.

## **9.4 Automated Payments e.g. Parent Pay, School Comms, etc.**

9.4.1 When setting up a contract with a new supplier for provision of this service, consideration should be given to the following areas:

- i) Basis of fees payable to the company
- ii) Complete audit trail and facility of income reconciliation of totals received
- iii) Reminder facilities to chase up overdue amounts.

9.4.2 Any contract for the services of an online parental payment system Service Provider will be reviewed regularly to ensure that the school is getting value for money and that the provider is giving an adequate service. All systems will comply with PCI DSS. A copy of the contract should be held at school.

9.4.3 Payments received from the provider should be promptly entered on PS Financials and reconciled.

9.4.4 Net administration payments to the provider should be checked for accuracy and entered on PS Financials promptly as non-order invoices.

9.4.5 A system of sending reminders should be followed to ensure debts are recovered.

## **9.5 Lettings**

9.5.1 The lettings are the responsibility of the Local Governing Body and the administration of the letting is the responsibility of the School Business Manager who will maintain records of bookings and identify the sums due from each organisation. Payments must be made in advance for the use of facilities. A sales invoice will be issued which sets up the debt on PS Financials.

9.5.2 All hirers will complete the appropriate lettings application form. Long term hirers must complete a letting application form at least annually agreeing the scales of charges to be applied.

9.5.3 In the absence of specific terms agreed with the hirer, payment terms will be 30 days from date of hire. If payment has not been received by the due date, the following will apply:

a) 30 days after date of hire	First reminder letter to be issued. At this point all future hire dates will be suspended pending payment in full.
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b) 14 days after first reminder letter	Second reminder letter to be issued advising the hirer that non-payment could result in referral to the academy's legal services provider.
c) 14 days after second reminder letter	Issue report to the Local Governing Body for advice on how to proceed e.g. referral to the MAT's legal services provider for recovery of debt and notify the MAT Chief Finance Officer

If, having taken legal advice, it is determined that the debt is not recoverable it will need to be 'written off' as set out in Section 2.4.

## **10. CASH MANAGEMENT, BANKING AND INVESTMENTS**

10.1 The MAT operates authorised bank accounts with main and liquidity accounts. The MAT Chief Finance Officer is responsible for preparing summary cash flow forecasts for the MAT in total to ensure that it has sufficient funds available to pay for day to day operations.

10.2 If significant cash shortfalls have been identified and are unexpected, this should be promptly investigated, ensuring all income due for the period has been received and that expenditure is not irregular. The investigation and its results should be reported to the Local Governing body and to the MAT Board if fraud is suspected. The MAT's whistleblowing procedures should be followed if fraud is suspected, including notifying the ESFA if the fraud is significant.

10.3 The opening of all bank accounts and investments must be authorised by the MAT Board. The school may not open separate accounts outside the MAT family.

10.4 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include the amount of the deposit, split between cash and cheques with cheques listed separately and a reference i.e. receipt number or the name of the debtor.

10.5 Only the MAT central finance team may execute internal bank transfers, all which will be fully documented and have an appropriate narration to facilitate bank reconciliation.

10.6 All cheques and other instruments authorising withdrawal (including direct debits and standing orders) from bank accounts must be authorised in accordance with the bank mandate.

10.7 A current bank mandate for Direct Debits and Standing Orders must be retained on file and the mandated signatories should be consistent with those detailed above.

10.8 The MAT CFO has overall responsibility to ensure 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 MAT's accounting system
- bank reconciliation reports should be signed by the preparer and MAT CFO
- schools shall assist the central MAT in the bank reconciliation process to ensure reconciliations are dealt with promptly

10.9 Investments will be managed centrally by the MAT but should be clearly identifiable to each school's contribution. Any investments are made with the following objectives to consider:

- risk
- access
- type of investment and term
- financial position
- financial limit for type of investment
- spreading investments between providers to ensure savings are covered by the Financial Services Authority
- security of access
- rate of return
- charges
- business interests
- ethical, social and environmental considerations
- review including review of performance

10.10 All investments must be 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 and recorded on the financial accounting system.

## **11. FIXED ASSETS (CAPITAL) AND ASSET REGISTER**

11.1 Fixed assets include:

- land including freehold
- buildings including freehold
- equipment

Fixed assets are depreciated on a straight-line basis on an assumed lifetime as follows:

- 50 years for buildings
- 15 years for boiler and heating plant
- 10 years for furniture and equipment
- 3 years for IT equipment and software
- 5 years for vehicles

11.2 The MAT operates a fixed asset register within PS Financials. All items purchased with a value over the school's capitalisation limit of £1,000 (£250 for attractive portable items) must be entered in an asset register if considered to be capital. Other attractive items below the limit could be included on local asset register lists to assist with insurance claims. 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 and the school's financial system
- 
- support insurance claims in the event of fire, theft, vandalism or other disasters.

11.3 The School Business Manager is responsible for maintaining the school's asset register.

11.4 The asset register should include the following information:

- book value of items transferred in
- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from ESFA grant and % funded from other sources)
- expected useful economic life
- depreciation (incl. brought forward and carried forward) – this will be maintained centrally
- current book value
- location
- disposals

11.5 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

11.6 All the items in the register should be permanently marked as the school's Property. If the school chooses to use an invisible form of marking then the item of equipment must carry a visible reference to the fact that the equipment has been security marked. Items not security marked are potentially not covered by insurance.

11.7 There should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Local Governing Body. Inventories of school property should be kept up to date and reviewed regularly. Where items are used by the school but do not belong to it this should be noted.

## **Disposals**

11.8 Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the Summary of Authorisation Limits.

11.9 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the school obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the school would need to ensure licences for software programmes have been legally transferred to a new owner.

11.10 The school is expected to reinvest the proceeds from all asset sales for which capital

grant was paid in other school assets. If the sale proceeds are not reinvested then the school must repay to the ESFA a proportion of the sale proceeds.

11.11 All disposals of land must be agreed in advance with the Secretary of State.

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

11.13 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 MAT's auditors.

## **12. INTERNAL CONTROL**

12.1 The MAT's system of internal financial controls is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the local governing body and MAT Finance and Audit Committee
- regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks
- ability to oversee individual bank and accounting system activity across all schools

12.2 The School Business Manager is responsible for carrying out monthly bank statement reconciliations for all the school's bank accounts. All discrepancies are to be investigated immediately and reported to the MAT Chief Finance Officer.

12.3 The MAT Chief Finance Officer is responsible for completing the monthly VAT claims and forwarding them to the HMRC and allocating the claims to each school when received.

12.4 The MAT Chief Finance Officer is responsible for periodically checking the following on a small sample basis and signing and dating to confirm that the checks have been made:-

- Payments made to suppliers have been correctly authorised

- Income received by the school can be traced from source to financial system entry and bank statement
- Bank account reconciliations are being completed each month
- The funding budget entered on the school's financial accounting system is reconciled promptly to the sources of income, i.e. ESFA statement of funding
- Direct debit and standing order arrangements are appropriate and have been correctly authorised
- Individual staff salary payments are reconciled to the employee's contract on a regular basis

### Separation of Duties

12.5 It is the responsibility of the Headteacher to ensure that key financial duties are properly separated between individuals. Functions to be separated between staff will include:

- Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee.
- Authorisation – the authorisation of transaction such as a purchase order and the payment.
- Payment – the raising of cheques / BACS and cheque / BACS signatories.
- Custody – the holding of goods and services.
- Recording – the completion of the accounting records
- Post transaction management checking– reviewing previous transactions to identify errors or intentional manipulation

## 13. INSURANCE

13.1 It is the responsibility of the MAT Chief Finance Officer to arrange and renew insurance for all the schools in the MAT.

13.2 The MAT must ensure the school has adequate insurance cover to support its activities and to comply with statutory requirements. Unless otherwise agreed with the DfE / EFSA, this should include cover as follows:

- buildings and contents of the school, in accordance with normal commercial practice or under the terms of any leases held by the academy, against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, and theft.
- business interruption, for example to provide alternative temporary accommodation
  - employer's and public liability cover against the governors' responsibility for injury or illness of staff of third parties, or damage to third party property
  - cover required by statute for vehicles operated by the school if applicable

13.3 Other insurance cover to be arranged should include:

- libel and slander
- cash in transit
- personal accident
- fidelity guarantee
  - off-site activities insurance, covering comprehensive travel risks for official trips and activities taking place off site
  - insurance for hirers
  - cover for extra costs arising from a major disaster or tragedy over and above normal business interruption provision such as counselling services for pupils

engineering inspection contract to cover statutory inspection requirements relevant to lifts, boilers, air receivers and fume cupboards etc.

END