



## 2020-21 FINANCIAL REGULATIONS

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## 1.0 POLICY STATEMENT

The purpose of these regulations is to ensure SHARE Multi Academy Trust (the trust) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management and meets the requirements of our funding agreement with the Education and Skills Funding Agency (ESFA).

## 2.0 ORGANISATION

201 The trust has defined the responsibilities of all individuals involved in the administration of academy finances, to avoid the duplication or omission of functions and to provide a framework of accountability for trustees, governors and staff. The financial reporting structure is illustrated below:

### The Directors

202 The Directors are responsible for overseeing the financial performance of the trust and making sure its money is well spent. The main responsibilities of the Directors are prescribed in the Funding Agreement between the trust and the ESFA and in the trust's Scheme of Delegation, ie:

- ensuring that the grant from the ESFA is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the trust's Funding Agreement, and are used only for the purposes intended;
- approval of the annual trust budget;
- appointment of the Chief Executive (and approve the appointments of the Director of finance and Director of Operations)

### The Audit and Risk Assurance Committee

203 The Audit Committee consists of trustees and independent members who are not involved in any decisions relating to the finances anywhere in the trust. They advise the Directors on the following matters:

- the strategic processes for risk, control and governance;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter;
- assurances relating to the management of risk and corporate governance requirements for the organisation;
- proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
- the Audit and Risk Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board of Directors.

## **The Chief Executive Officer**

204 The Chief Executive Officer provides the professional leadership of the trust, working closely with the Board of Directors and Members, to ensure the proper and effective management of the trust's resources and to provide the necessary accountability for their use, namely:

- Advises directors and holds Headteachers/principals to account for the financial performance of schools;
- Reviews and agrees the Self Evaluation Form (SEF), School Development/Improvement Plan (SDIP) and Pupil Data;
- Annual learning walks; and
- Headteacher appraisal.

## **The director of finance**

205 The director of finance leads on financial policy and practices across the trust, namely:

- providing strategic advice to the CEO, Board of Directors, principals, headteachers and governors on all financial matters;
- preparing the trust's annual financial forecasts, forecasts for corporate strategies;
- is accountable to the CEO for the proper financial operations of the trust;
- managing the finance team and overseeing the development and maintenance of financial systems and procedures, including appropriate IT systems; and
- is responsible for evaluating and reporting on financial risk management.

## **Principal/Headteacher**

206 The principal/headteacher provides strategic leadership for the school, which includes:

- all the statutory responsibilities and powers ascribed to a headteacher under the most recent School teachers' pay and conditions document (STPCD);
- leads the school on a day to day basis; and
- accountable to governors and the CEO for the financial performance of the school.

## **Local Governing Body (including Committees)**

207 The Local Governing Body (including its committees), have statutory duties as identified in the DfE Governance Handbook, namely:

- holds the principal/headteacher to account for the financial performance of the school;
- receive the annual budget; and
- work with the principal/headteacher to produce the SEF and SDIP.

## **Other Staff**

208 Other members of staff, primarily finance staff and budget holders, will also have financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the trust's financial procedures.

## 3.0 ACCOUNTING SYSTEM

- 301 All financial transactions of the trust must be recorded on 'The Access' accounting system.
- 302 It is acceptable to operate separate accounting systems for school trips and activities, but the data must be transferred into 'The Access' accounting system at least once per year by primary schools (as part of the year-end closure of accounts), or on a monthly basis by secondary schools.

### System Access

- 303 Access to 'The Access' accounting system is password restricted and the director of finance is responsible for ensuring that passwords are changed at least every 3 months.
- 304 Access to the component parts of the system is also restricted and the Finance Manager is responsible for setting access levels at academy level for all members of staff using the system. The director of finance is responsible for setting access levels at trust level (ie access to each academy accounting system, and the trust consolidated system).

### Back-up Procedures – Accounting System Databases

- 305 All databases are hosted by The Access Group (web based software) and not on the academies servers. As such, The Access Group are responsible for the back-up, maintenance and recovery of our accounting systems.

### Transaction Processing

- 306 All transactions processed in the accounting system must be authorised in accordance with the procedures specified in these regulations. All journal entries must be documented on the appropriate journal form, recorded in the journal book and authorised by the finance manager prior to being input to the accounting system. Bank transactions should be checked, and signed to evidence this check, by the finance manager.
- 307 Operation of 'The Access' accounting system must conform to the user instructions, details of which are published in the on-line manuals.

### Transaction Reports

- 308 The finance manager will obtain and review system reports to ensure that only expected transactions are posted to the accounting system. The report obtained and reviewed will include:
- weekly audit trail reports;
  - journal reports for payroll, purchase ledger, sales ledger and cashbook; and
  - management accounts summarising expenditure and income against budget at budget holder level.

### Reconciliations

- 309 The finance manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- fixed asset control account;
- all suspense accounts; and
- bank statement to accounting system.

- 310 Any unusual or long outstanding reconciling items must be brought to the attention of the director of finance, who will review and document reconciliations as evidence.
- 311 Financial and management accounting officers will send month-end reports across all ledger areas (as prescribed by the director of finance) to the finance manager for review.
- 312 The director of finance performs reconciliations of all control accounts across the trust on a monthly basis.

## 4.0 FINANCIAL PLANNING

- 401 The trust prepares both short-term (1 year) and medium term (5 year) financial plans.
- 402 The budget is a detailed statement of the expected resources available to the trust and the planned use of those resources for the following year.
- 403 The trust Improvement Plan indicates how the trust's educational and other objectives are going to be achieved within the expected level of resources. It provides the overall framework for individual school plans.
- 404 School Improvement Plans (SIP's) indicate how the school's educational and other objectives are going to be achieved within the expected level of resources.
- 405 The development planning process and the budgetary process are described in more detail below.

### Trust and Academy Improvement Plans

- 405 The Trust Improvement Plan (TIP) is concerned with the future aims and objectives of the trust and how they are to be achieved (including resources required). The trust Improvement Plan is relatively simple and flexible. The "big picture" within which more detailed plans may be integrated.
- 406 The form and content of the trust Improvement Plan give due regard to the matters included within the guidance issued by the ESFA.
- 407 Each year the principal/headteacher of each academy, in conjunction with their Governing Body will submit their Academy Improvement Plan (AIP), Summary School Evaluation Form (SEF) and Curriculum Led Financial Plan to the Chief Executive by the beginning of November each year.
- 408 The completed AIP includes detailed objectives for the coming academic year and outline objectives for the following two years. The plan also includes the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

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- 409 For each objective the lead responsibility for ensuring progress is made towards the objective is assigned to an academy manager. The responsible manager monitors performance against the defined success criteria throughout the year and reports to the senior management team on a regular basis. The senior management team will in turn provide regular reports to the Governing Body with any recommendations for action(s) as relevant.
- 410 The Chief Executive Officer (CEO) submits the TIP to directors by 30 June annually.

### **Annual Budget**

- 411 All final Academy and Group budgets must be submitted to the Board for ratification by 30 June each year. Indicative budgets must be in place by 30 April each year. Budgets require authorisation by the CEO and director of finance prior to being presented to the Board of Directors.
- 412 The annual budget will reflect the best estimate of the resources available to the trust 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.
- 413 The budgetary planning process will be planned in accordance with the trust Scheme of Delegation, and 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 trust to assess likely level of receipts;
  - review of past performance against budgets to promote an understanding of the trust cost base;
  - identification of potential efficiency savings; and
  - 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.

### **Balancing the Budget**

- 414 Comparison of estimated income and expenditure over the medium term (eg 5 years) will identify any potential surplus or shortfall in funding and enable actions to be put in place in a measured and timely manner.
- 415 If a potential surplus is identified, this may be held as a general contingency until plans for its allocation are established, or alternatively, bids can be invited from budget holders and/or allocated to areas of need.
- 416 In the event that a shortfall is identified, opportunities to increase income and/or ways in which savings can be made, should be explored. This may entail deferring projects until funding is more stable. Plans and budgets will need to be revised on a regular basis until income and expenditure are in balance.

### **Finalising the Budget**

- 417 Once the different options and scenarios have been considered, a draft budget should be prepared by finance manager for approval (as outlined in 410). The budget should

be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

- 418 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

### **Monitoring and Review**

- 419 Monthly management accounts will be prepared by the management accounting officer (and reviewed by the finance manager). The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the principal/headteacher and governing body.
- 420 Any potential overspend against the budget must in the first instance be discussed with the management accounting officer. Parameters are set up in the accounting system which will prevent orders being processed against an overspent budget without the approval of the academy management accounting officer.
- 421 The monitoring process should be effective and timely in highlighting variances in the budget so that they can be investigated and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire (transfer) money from another budget or from the academy general contingency. All budget virements must be authorised in accordance with the trust Scheme of Delegation.

## **5.0 PAYROLL/PENSIONS**

- 501 The main elements of the payroll system are; staff appointments, payroll and pensions administration.

### **Staff Appointments**

- 502 The principal/headteacher for each school can approve most staffing changes for their individual school. Changes can only be made in accordance with the trust's Scheme of Delegation with the express approval in the first instance of the CEO/director of finance who must ensure that adequate budgetary provision exists for any staffing changes.
- 503 The principal/headteacher has authority to appoint staff within their individual school except for senior/executive level or headteacher whose appointments must be made in accordance with the trust Scheme of Delegation.
- 504 Human Resources are responsible for the administration of employment contracts, terms and conditions of services. All staffing changes must be notified, and authorised by the appropriate signatory as detailed in the trust Scheme of Delegation on the appropriate payroll form to Human Resources as soon possible.

### **Payroll Administration**

- 505 The trust payroll was administered by a third party provider (Selima – part of The Access Group) until 31 March 2020 – and changed to an in-house provision with effect from 1 April 2020.

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- 506 All staff are paid on a monthly basis. A master file is held for each employee recording salary; bank account details; taxation status; personal details, deductions or allowances payable, and pension details.
- 507 Master files are created (or amended) by the human resources advisor with approval of the HR manager.
- 508 Absence management forms are completed by the academy administrative manager responsible for the process, which provides details of sickness and other absences during the period and entered onto the HR/Payroll system. New appointments, terminations and pay related changes are administered centrally by human resources. All pay claims received are administered by human resources and checked by the HR manager.

## **Payments**

- 509 After the payroll has been processed summary/variance reports are issued to the central finance team by the payroll officer. The reports are reviewed and authorised by the central finance team.
- 510 Payroll transactions are administered through the trust central fund bank account, and then recharged to academies – with funds transferred from the academies back into the trust central fund bank account.
- 511 All salary payments are made by BACS from the trust central fund bank account.
- 512 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, national insurance contributions and pensions.
- 513 There are other deductions made which are voluntary, and include child care vouchers, salary sacrifice schemes (eg computer and cycle schemes), and union subscriptions.
- 514 The director of finance reconciles the payroll recharges by operating a payroll control account within the accounting system, ensuring a zero balance is maintained.
- 515 The management accounting officer monitors salary payments on an individual employee basis – preparing the analysis in order to post the transactions into the nominal ledger to correspond with the recharge made by the financial accounting officer, and to monitor budget to actual expenditure.
- 516 The finance manager reviews the trust payroll control accounts on a monthly basis to ensure the correct amount has been processed, nominal ledgers have been correctly charged and to identify any amounts posted to the suspense account.
- 517 On an annual basis the finance manager (in consultation with the HR manager) checks each member of staff to ensure that the gross pay per the payroll system agrees to the contract of employment held on the personnel files.
- 518 On an annual basis the finance manager reconciles the payroll costs charged to each academy with the total 'trust' payroll cost.

## 6.0 PROCUREMENT

601 The trust wants to achieve the best value for money from all purchases. This means that purchases should be secured in the correct quality, quantity and time at the best price possible. Most purchases will be paid for using public funds and the trust needs to maintain the integrity of these funds by following the general principles of:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the trust;
- **Accountability**, the trust is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the trust are dealt with on a fair and equitable basis.

### Ordering Goods and Services – up to £4,999

602 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Where 'The Access' accounting web requisitioning is in operation, budget holders are encouraged to regularly review their own records and reports. Where web requisitioning is not in operation, a print detailing actual expenditure against budget will be supplied to each budget holder a week after the end of each month and budget holders are encouraged to keep their own commitment records.

603 Purchases up to £4,999 can be requisitioned by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the management accounting officer. A quote or price must always be obtained (in writing) before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list, the reasons for this decision must be discussed and agreed with the management accounting officer.

604 All order requisitions must be made electronically (or in exceptional circumstances via an official order requisition form obtained from the academy administrative manager, who will complete the electronic requisition on behalf of the budget holder). Requisitions will be checked by the financial accounting officer to ensure adequate budgetary provision exists before the finance team generates the official order to the supplier.

605 Orders are recorded in the orders placed file and electronically dispatched to the supplier by the finance team.

606 The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the administrative manager must ensure a detailed check of the goods received against the goods received note (GRN) is undertaken, recording any discrepancies between the goods delivered and the GRN, and discussing discrepancies supplier of the goods without delay. The signed GRN should be retained by the administrative manager as evidence of the delivery for audit purposes.

607 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the central finance team should be notified, who will keep a central record of all goods returned to suppliers.

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- 608 All invoices should be sent to the central finance office. Invoice receipt will be recorded by the central finance staff by processing the invoice in 'The Access' accounting system.
- 609 Finance staff will stamp invoices with a grid against which the following can be evidenced:
- invoice arithmetically correct;
  - invoice posted to purchase ledger;
  - goods/ services received;
  - goods/services as ordered;
  - prices correct;
  - invoice authorised for payment;
  - payment authorised;
  - VAT treated correctly; and
  - payment made.
- 610 The accounting system will send a reminder to the budget holder to confirm delivery and payment can be made. The budget holder must make a detailed check against the order and the GRN and these documents must be passed to the administrative manager to retain as evidence for audit purposes. Budget holders must undertake these checks without undue delay to ensure payments can be processed in accordance with the credit terms of the supplier.
- 611 Where web requisitioning is in operation, the audit trail is embedded within the accounting system. Where it is not in operation, the signature of the budget holder confirming delivery has been made and payment can be released will need to be evidenced in writing. A signature on the original invoice will suffice.
- 612 If a budget holder is pursuing a query with a supplier the academy administrative manager and the central finance team must be notified of the query and kept up to date with progress towards a resolution.
- 613 At the end of the month (or more regularly as required), a list of outstanding invoices from the purchase ledger is produced, and this list together with supporting documentation will be reviewed by the financial accounting officer, who will indicate on the list the invoices that should be paid.
- 614 The financial accounting officer will input details of payments to be made to the purchase ledger and generate the BACS payments or cheques required. If the financial accounting officer is a signatory to the bank account, then they cannot generate the BACS payments or cheques, and this role must be fulfilled by the most senior member of the finance team.
- 615 The BACS report and/or cheques and associated paperwork must be authorised by two of the nominated bank signatories.
- 616 BACS payments and/or cheques will be dispatched to suppliers by the finance staff, with copies filed with the invoices.

## Ordering Goods or Services - between £5,000 and £49,999

- 617 At least three written quotations should be obtained for all orders for the supply of goods or services between £5,000 and £49,999, to identify the best source and make a fair and informed decision. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and written confirmation of quotes has been received before a purchase decision is made.
- 618 In exceptional circumstances (such as an emergency that might pose a risk to the school, or a limited field of available suppliers), it may not be viable to secure three written quotations in advance of the order. In such situations, advice should be sought from finance manager. In such circumstances, the financial accounting officer should ensure an exception form is completed and returned to the Finance Manager.
- 619 Careful consideration needs to be made to ensure multiple small orders are not placed with one supplier in order to avoid obtaining three written quotations. Annual spend by supplier (including the number of orders raised) should be reviewed by the management accounting officer to ensure three written quotations are obtained where the annual spend is greater than £5,000.

## Ordering Goods or Services - over £50,000

- 620 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. All procurement must be carried out in compliance with the principles of the EU Treaties, include the free movement of goods (Article 28 of the EC Treaty), the right of establishment (Article 43), the freedom to provide services (Article 49), non-discrimination and equal treatment, transparency, proportionality and mutual recognition. For most goods and services where contracts will have a value over their lifetime in excess of the Official Journal of the European Union (OJEU) threshold (£164,176 January 2016), a strict procedure must be followed in compliance with the Public Contracts Regulations 2006 and related regulations. Guidance on the OJEU thresholds is given in Annex 3d to the Academies Financial Handbook.

## Appointment of External Auditors

- 621 The appointment of external auditors is for a maximum period of eight financial periods, and is subject to review at the start of the eighth financial period, and must confirm with Procurement regulations in respect of the value of the services being procured and tender procedures where applicable.

## Forms of Tenders

- 622 There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.
- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the finance manager how best to advertise for suppliers eg. 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 is such that only specific suppliers can be expected to supply the trust's requirements; and
  - 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; and
  - additional deliveries by the existing supplier are justified.

### Preparation for Tender

623 Full consideration should be given to:

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

624 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 fulfillment of these requirements to help reach an overall decision.

### Invitation to Tender

625 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.

626 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; and
- terms and conditions of tender and form of response.

### Aspects to Consider

627 **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 extra costs; and
- Any scope for negotiation.

628 **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; and
- Details of previous sales and references from past customers.

629 **Other Considerations**

- Pre sales demonstrations;
- After sales service; and
- 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.

**Tender Acceptance Procedures**

- 630 The invitation to tender should state the date and time by which the completed tender document should be received by the trust.
- 631 Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents.
- 632 The envelopes should be time and date stamped on receipt and stored in a secure place prior to opening. Tenders received after the submission deadline will not be accepted.

**Tender Opening Procedures**

- 633 All tenders submitted should be opened at the same time and tender details should be recorded.
- 634 Those required to be present should be in accordance with the trust's Scheme of Delegation.
- 635 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.

**Tendering Procedures**

- 636 The evaluation process should be in accordance with the trust's Scheme of Delegation. 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.
- 637 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.

- 638 Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared in accordance with the trust's Scheme of Delegation highlighting the relevant issues and recommending a decision.
- 639 Where required by the conditions attached to a specific grant from the ESFA, the department's approval must be obtained before the acceptance of a tender.
- 640 The accepted tender should be the one that is economically most advantageous to the trust. All parties should then be informed of the decision.

## 7.0 INCOME

- 701 The main sources of income for the trust are the grants from the ESFA and from our sponsors. The receipt of these sums is monitored directly by the financial accounting officer who is responsible for ensuring that all grants due to the academy are collected.
- 702 Each academy also obtains income from students, mainly for trips, visits and activities and the public, mainly for sports and community lettings. The trust is mainly cashless with the exception of fundraising events (eg summer fetes, charitable fundraising and book events).
- 703 Debtor invoices are raised within two weeks following the provision of goods/services. A monthly aged debtor report is produced and outstanding debts reviewed. Customers are chased for outstanding debts at the month end following the debt due date.

### **Trips, Visits and Activities**

- 704 A lead person (usually a teacher) must be appointed for each trip to take responsibility for the collection of sums due (via the cashless system). The lead person must follow procedures outlined in the academy policy and guidelines, which includes informing the academy administrative manager (who acts as educational visits coordinator) of the names of the students participating, and the amount due.
- 705 Students should make payments electronically using the (Parentpay) on-line facility. 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.
- 706 The central finance team ensures ParentPay holds an up to date record for each student showing the amount paid and the amount outstanding. The administrative manager will have access to the system and is responsible for chasing the outstanding amounts.

### **Sports and Community Lettings**

- 707 The administrative manager is responsible for maintaining records of bookings of sports and community facilities and for identifying the sums due from each organisation.
- 708 Payments must be made immediately after the use of facilities.
- 709 Details of organisations using the sports facilities should be sent by the central finance team who will establish a sales ledger account and produce a sales invoice.
- 710 Details of payments made and outstanding accounts will be reviewed by the financial accounting officer on a regular basis and who is responsible for chasing outstanding debts and ensuring no further use is made of the facilities without payment.
- 711 Debts can only be written off in accordance with the trust's Scheme of Delegation.

712 Sales invoices include details of how to make payment.

### **Custody**

713 Official, numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists.

714 BACS payments are encouraged, though cheques also accepted. Cash will not be accepted (only in the most exceptional of circumstances). Income must be kept in the office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit.

715 Monies collected must be banked in their entirety in the appropriate bank account. The central finance team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the financial accounting officer.

## **8.0 CASH MANAGEMENT**

### **Bank Accounts**

801 The opening of all accounts must be authorised by the director of finance that must set out, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

### **Deposits**

802 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 and a reference, such as the number of the receipt or the name of the debtor.

### **Payments and withdrawals**

803 All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories: CEO, principal/headteacher, director of finance, and other approved signatories as outlined in the mandate to the bank account.

This provision applies to all accounts, public or private, operated by or on behalf of the academy council of the trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

### **Administration**

804 The financial accounting officer must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis.

805 Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the trust's cash book;

- reconciliations are prepared by the financial accounting officer (school budget and school trips/activities funds);
- reconciliations are subject to an independent monthly review carried out by the financial accounting officer or in his/her absence the finance manager; and
- adjustments arising are dealt with promptly.

### **Petty Cash Accounts**

806 The trust maintains a maximum cash balance of £600. The cash is administered by the academy administrative manager and is kept in the office safe. The large sum is available in the event in order to provide urgent and immediate hardship funds to vulnerable students and families (eg Pupil Premium and 16-19 Bursary funds).

### **Business Charge Cards**

807 The trust holds 5 business charge cards issued by Lloyds Bank Plc, in the name of:

- Cleo Potterton, Director of Finance (SHARE Multi Academy Trust)
- Lisa Audsley, Finance Manager (SHARE Multi Academy Trust)
- Leanne Greene, Procurement Officer (SHARE Multi Academy Trust)
- Michelle Lee, Principal (Heaton Avenue Primary School)

808 Transactions are subject to the same procedure as outlined in the Purchases Section (602-616), substituting *credit card payment*, where reference is made to BACS or cheque payments.

### **Deposits**

809 The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, cheque number relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

### **Payments and Withdrawals**

810 In the interests of security, petty cash payments will be limited to £30 (reviewed annually). Higher value payments follow the purchasing procedure (Section 6).

### **Administration**

811 The academy administrative manager is responsible for ensuring all petty cash transactions are recorded on a regular basis, and frequent as well as unannounced cash counts should be undertaken by the financial accounting officer or finance manager to ensure that the cash balance reconciles to supporting documentation.

### **Physical Security**

812 Petty cash should be held in a locking cash box which is put in the safe overnight.

### **Cash Flow Forecasts**

813 The financial accounting officer is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account to cover potential cash shortages.

### **Investments**

814 Investments must be made only in accordance with written procedures approved by the Board of Directors.

815 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.

## **9.0 FIXED ASSETS**

### **Asset Register**

901 All items purchased with a value over the trust's capitalisation limit must be entered in an asset register maintained by each academy.

902 Each asset register should include the following information:

- asset description and number
- serial number
- date of acquisition
- asset cost
- source of funding eg GAG, DFCA, Capital, Donation, etc)
- expected useful economic life
- depreciation
- current book value
- location and name of member of staff responsible for the asset

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;

- the external auditors to draw conclusions on the annual accounts and the trust's financial system; and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

### **Security of assets**

- 903 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 904 All the items in the register should be permanently and visibly marked as the trust's property. The trust uses tamper-proof bar code stickers.
- 905 Records of asset movements must be maintained, and 'The Access' accounting system updated with the same information.
- 906 Inventories of academy property should be kept up to date and reviewed regularly.
- 907 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, reported to the governing body, and finance manager.
- 908 Evidence that asset checks have been performed (ie signature of person undertaking the check) is part of the external audit verification work, thus a hard copy must be maintained in the annual audit file.

### **Disposals**

- 909 Disposals are in accordance with the trust Scheme of Delegation.
- 910 Assets up to £20,000 (original cost) to be disposed of by sale or destruction must be authorised for disposal by the principal/headteacher and director of finance and, where significant, should be sold following competitive tender. Assets over £20,000 (original cost) must be authorised for disposal by the CEO, trust Board and director of finance.
- 911 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment as the trust would need to ensure licences for software programs have been legally transferred to a new owner. Approval by the director of finance is required in all circumstances.
- 912 All disposals of land must be agreed in advance with the ESFA.
- 913 All disposals of heritage assets must be agreed in advance with the ESFA.

### **Loan of Assets**

- 914 Items of academy property must not be removed from academy premises without the authority of the principal/headteacher.
- 915 A record of the loan (which may be made to either students or staff) must be recorded by the budget holder responsible for the purchase of the asset, including when it is returned. A copy of the list should be passed to the academy administrative manager.
- 916 The list of asset loans should be reviewed regularly and outstanding items chased.
- 917 If assets are on loan for extended periods or to a single member of staff on a regular basis, the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the trust's auditors.

## 10.0 GOVERNANCE

1001 The Academies Financial Handbook requires the following:

*'All trustees and staff must complete a Business Interests form annually. Forms must state if any business interests are being declared. If not, a 'NIL' declaration must be made. Forms should be dated and signed'*

*'All Members and Board of Directors must complete a Related Party Questionnaire annually. Forms must state if any related party transactions or associations are being declared. If not, a 'NIL' declaration must be made. Forms should be dated and signed'*

### Register of Interests

1002 It is important that anyone involved in spending public money demonstrates that they do not benefit personally from decisions they make. All members, Board of Directors, governors and staff are required to declare any financial interests they have in companies or individuals from whom the trust may purchase goods or services. The register is open to public inspection.

1003 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

1004 The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the academy council or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

### Register of Related Parties

1005 A related party is a person or organisation which either controls or significantly influences the decisions and operations of the business. To ensure the trust operates within FRS 8 (Related Party Disclosures), trustees are required to complete a Related Party declaration each year (in addition to the Register of Interests).