



2022-23 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

2.1 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.

Members

2.2 Members have a similar role to the shareholders of a company limited by shares. They:

- are the subscribers to the memorandum of association (where founding members);
- may amend the articles of association subject to any restrictions created by the funding agreement or charity law;
- may, by special resolution, appoint new members or remove existing members; other than, a sponsor body (as relevant) and any members it has appointed;
- have powers to appoint trustees as set out in the trust's articles of association and powers under the Companies Act 2006 to remove trustees;
- may, by special resolution, issue direction to the trustees to take a specific action;
- appoint the trust's external auditors and receive (but do not sign) the audited annual report and accounts (subject to the Companies Act); and
- have power to change the company's name and, ultimately, wind it up.

The Board of Directors (the board)

2.3 The board is responsible for overseeing the financial performance of the trust and making funds are well spent. The main responsibilities of the board are prescribed in the Funding Agreement between the trust and the ESFA and in the trust's Scheme of Delegation, i.e.:

- 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;
- has a written scheme of delegation of financial powers (reviewed annually, and when there has been a change in trust management or organisational structure);
- approval of the annual trust budget; and
- appoint the CEO (and approve Directors of Finance and Operations appointments).

The Audit and Risk Assurance Committee (A&RAC)

2.4 All trust **must** have a dedicated audit and risk committee, comprising a majority of directors. Can be combined with the finance committee if the annual income is <£50m.

2.5 The A&RAC comprises members and trustees who are not involved in any decisions relating to the finances anywhere in the trust. They advise the board on:

- the strategic processes for risk, control and governance;
- financial policies, reviewing the draft Annual Report and Financial Statements and any findings by the external auditors;
- the planned activity and results of both internal and external audit, including the adequacy of management response to issues identified by audit activity, and the 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 A&RAC will produce an annual report, including a review its own effectiveness.

Chief Executive Officer (CEO) and Accounting Officer

- 2.6 The trust board **must** appoint a named individual as accounting officer. This should be the senior executive leader, ie the CEO, and must be employed by the trust.
- 2.7 The accounting officer role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to the ESFA's accounting officer, for the trust's financial resources, namely:
- **must** assure Parliament, and the public, of high standards of probity in the management of public funds;
 - **must** adhere to the 7 principles of public life;
 - **must** have oversight of financial transactions;
 - **must** complete and sign a statement on regularity, propriety and compliance annually and submit this to the ESFA with the audited accounts;
 - **must** demonstrate how the trust has secured value for money via the governance statement in the audited accounts;
 - **must** take personal responsibility for assuring the board that there is compliance with the funding agreement and handbook;
 - **must** advise the board in writing if the board fails to act where required by the funding agreement or handbook; and
 - **must** notify the ESFA's accounting officer immediately in writing in the event the actions proposed by the trust board is in breach of the articles, the funding agreement or the handbook.

The Chief Financial Officer (CFO)

- 2.8 The trust board **must** appoint a chief financial officer who is the trust's finance director, business manager or equivalent, to whom responsibility for the trust's detailed financial procedures is delegated. The CFO should play both a technical and leadership role, and must be employed by the trust. the trust's financial resources, namely:
- The CFO and their finance staff **must** be appropriately qualified and/or experienced;
 - The trust board **must** assess whether the CFO, and others holding key financial posts should have a business or accountancy qualification, and membership of a relevant professional body, dependent on the risk, scale and complexity of financial operations.
 - ESFA encourages larger trusts (eg >3,000 pupils) to consider the range of accountancy qualifications available from professional bodies such as the ICAEW, ACCA, CIMA or CIPFA (including CIPFA qualifications developed in partnership with ISBL, and take this into account when filling CFO vacancies;

Principal/Headteacher

- 2.9 Provides strategic leadership for the academy, 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 academy on a day to day basis and is accountable to the CEO for the financial performance of the academy.

Local Governing Body (including Committees)

- 2.10 Has statutory duties as identified in the DfE Governance Handbook, namely:
- receives the annual budget and work with the principal/headteacher to produce the SEF and SDIP.

3.0 ACCOUNTING SYSTEM

- 3.1 All financial transactions of the trust must be recorded on 'The Access' accounting system.

System Access

- 3.2 Access to 'The Access' accounting system is password restricted and the Director of Finance is responsible for ensuring that passwords are changed regularly.
- 3.3 Access to the component parts of the system is also restricted and finance managers are 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 for central staff.

Back-up Procedures – Accounting System Databases

- 3.4 Databases are cloud based - hosted by The Access Group (not on the academies servers).

Transaction Processing

- 3.5 All transactions processed in the accounting system must be authorised in accordance with the procedures specified in these regulations. All journal entries are authorised by finance managers prior to being processed. Bank transactions are checked, and signed to evidence this check, by Finance Managers (Financial Accounting).
- 3.6 Operation of 'The Access' accounting system must conform to the user instructions, details of which are published in the on-line manuals.

Transaction Reports

- 3.7 Finance Managers (Financial Accounting) will obtain and review system reports to ensure that only expected transactions are posted to the accounting system. Reports obtained and reviewed will include:
- 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

- 3.8 Finance Managers (Financial Accounting) are responsible for performing the following reconciliations each month, and clearing any reconciling or balancing amounts:
- sales and purchase ledger control accounts;
 - payroll, fixed asset and suspense control accounts; and
 - bank statement to accounting system.
- 3.9 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.
- 3.10 The Director of Finance will review month-end reports across all ledger areas.

4.0 BUDGETS AND FINANCIAL PLANNING

- 4.1 The trust prepares both short-term (1 year) and medium term (3-year) financial plans. The budget is a detailed statement of the expected resources available to the trust and the planned use of those resources for the forthcoming year.
- 4.2 The board ensures budget forecasts for the current year and beyond are compiled accurately, based on realistic assumptions (including any provision being made to sustain capital assets), challenge pupil number estimates (reviewed termly), and reflect lessons learned from prior years.
- 4.3 The board approves a balanced budget annually, drawing on unspent funds brought forward from previous years. The board minutes its approval, and submits it to the ESFA, in the form specified by the ESFA.
- 4.4 In the event the trust is proposing to set a deficit revenue budget for the current financial year (after taking into account any unspent funds from previous years), it must notify the ESFA within 14 calendar days.

Annual Budget

- 4.5 The trust budget must be submitted to the board for ratification by 31 July each year. Indicative budgets (i.e. draft budgets prepared by Finance Managers (Management Accounting) must be in place by 31 May each year. Budgets require authorisation by the CEO and Director of Finance prior to being presented to the board.
- 4.6 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 – with a clear link between development plan objectives and the budgeted utilisation of resources.
- 4.7 The budgetary planning process will be planned in accordance with the trust Scheme of Delegation, and incorporate the following elements:
 - forecasts of the pupil numbers to estimate the amount of ESFA grant receivable;
 - review of other income sources available to the trust;
 - review of past performance to promote an understanding of the trust cost base;
 - review of expenditure headings to ensure development plan objectives, pay increases, inflation and other anticipated changes are incorporated; and
 - identification of potential efficiency savings.
- 4.8 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 should be revised throughout the year as circumstances change.

3-Year Forecasts

- 4.9 A comparison of estimated income and expenditure over the medium term is undertaken to identify any potential surplus or shortfall in funding and enable actions to be put in place in a measured and timely manner.
- 4.10 If a potential surplus is identified, it may be held as a general contingency until plans for its allocation are established, or alternatively, funds can be diverted elsewhere.
- 4.11 In the event a shortfall is identified, opportunities to increase income or make savings are explored. This may entail deferring projects until funding is more stable. Budget plans will be reviewed on a regular basis until a balanced budget is restored.

Trust and School Improvement Plans

- 4.12 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 “big picture” within which more detailed plans may be integrated. The form and content of the TIP give due regard to the matters included within the guidance issued by the ESFA.
- 4.13 Each year the principal/headteacher of each academy, in conjunction with their Governing Body will submit their Academy Improvement Plan (AIP), Self-Evaluation Form (SEF) and Curriculum Led Financial Plan (CLFP) to the CEO in the spring term.
- 4.14 The completed AIP includes detailed objectives for the coming academic year. 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.
- 4.15 Academy leaders monitor performance against defined success criteria and report to the CEO with any recommendations for action(s) as relevant. Governors will scrutinise progress against the plan.
- 4.16 The CEO submits the TIP to the board by 30 June annually.

Monitoring and Review

- 4.17 Monthly management accounts are prepared by Finance Managers (Management Accounting) and reviewed by the Director of Finance. Reports detail actual income and expenditure, variances against budget and financial performance indicators. These are issued to principals/headteachers, governing bodies and the board. The board also receives a cashflow report and balance sheet.
- 4.18 Any potential overspend against the budget must in the first instance be discussed with Finance Managers (Management Accounting). Parameters in the accounting system prevent orders being processed against an overspent budget without the approval of the Finance Managers (Management Accounting).
- 4.19 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 an overspend is forecast, it may be appropriate to transfer funds from another budget or the general contingency – authorised in accordance with the trust Scheme of Delegation.

5.0 PAYROLL/PENSIONS

- 5.1 The main elements of the payroll system are; staff appointments, payroll and pensions administration. From 1 April 2020, payroll was brought in-house and is administered by the Payroll Manager and Payroll/HR Officer. The system used is IRIS (Payrite).

Staff Appointments

- 5.2 The principal/headteacher can approve most staffing changes relating to their academy, in accordance with the trust’s Scheme of Delegation with the express approval in the first instance of the CEO / Director of Finance.
- 5.3 Administration Managers 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 payroll as soon possible.

Payroll Administration

- 5.4 All staff are paid on a monthly basis. A master electronic file is held for each employee recording salary; bank account details; taxation status; personal details, deductions or allowances payable, and pension details.
- 5.5 Absence management forms are completed by the academy administrative manager responsible for the process, and provides details of sickness and other absences during the period and entered onto the HR/Payroll system.
- 5.6 New appointments, terminations and pay related changes and claims are administered centrally by the Payroll department and checked by the Payroll Manager.

Payroll Financial Transactions


- 5.7 After the payroll has been processed summary/variance reports are issued to the central finance team by the Payroll Manager. The reports are reviewed against payroll variation forms and authorised by the central finance team.
- 5.8 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.
- 5.9 All salary payments are made by BACS from the trust central fund bank account.
- 5.10 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.
- 5.11 Voluntary deductions include child care vouchers, salary sacrifice schemes (eg. computer and cycle schemes), and union subscriptions.
- 5.12 The Director of Finance reconciles the payroll recharges through the operation of a payroll control account within the Access accounting system.
- 5.13 Finance Managers (Management Accounting) monitors salary payments on an individual employee basis – ensuring nominal ledger transactions correspond with recharges made by the Finance Managers (Financial Accounting), and to monitor actual expenditure against budget.
- 5.14 Finance Managers (Management Accounting) reconciles payroll charges from the payroll master reports to nominal ledgers within the accounting system - on an individual academy basis.
- 5.15 On an annual basis the Finance Managers (Management Accounting) (in consultation with the HR manager) checks each member of staff to ensure that the gross pay per the HR Every system agrees to the budget and contract of employment held on the personnel files. Any discrepancies are queried with the payroll team.
- 5.16 On an annual basis the Director of Finance reconciles the payroll costs charged to each academy with the total 'trust' payroll cost.

6.0 PROCUREMENT

- 6.1 The trust **must** be able to show that public funds have been used as intended by Parliament. The trust must ensure:
- spending has been for the purpose intended and there is probity (no corruption or private gain involved in the contractual relationships) in the use of public funds;
 - spending decisions represent value for money;
 - internal delegation levels exist and are applied;
 - a competitive tendering policy is in place and applied, and the procurement rules and thresholds in the Public Contracts Regulations 2015 and Find a Tender service are observed; and
 - professional advice is obtained where appropriate.

Ordering Goods and Services

- 6.2 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 available funds are not overspent. Budget holders are encouraged to regularly review the reports in the Access system, and are encouraged to keep their own commitment records.
- 6.3 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 Procurement Officer to ensure adequate budgetary provision exists before the official order is generated to the supplier.
- 6.4 Orders are processed in 'The Access' accounting system and distributed to suppliers electronically by the central finance team.
- 6.5 The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt, the budget holder must check the goods received against the goods received note (GRN), recording any discrepancies and discussing them with the supplier. These checks should be performed without undue delay to ensure payments can be processed in accordance with the credit terms of the supplier. The signed GRN should be retained by the academy as evidence of the delivery for audit purposes.
- 6.6 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.
- 6.7 The majority of suppliers submit invoices electronically to the generic central finance team email address. Academy administrative managers are required to forward any invoices received by academies to the central finance office. Invoices are processed in 'The Access' accounting system, by the central finance team.
- 6.8 The central finance team check that goods invoiced match the order (description, unit price, quantity, discounts agreed on order, and VAT charged). Invoices are stamped with a grid against which the following can be evidenced:
- invoice number, cost centre and ledger code charged;
 - initials of person processing the invoice, initials of payment approver and date paid.
- 6.9 Web requisitioning embeds the audit trail in the accounting system. By exception, the signature of the budget holder confirming delivery has been made and confirming payment can be released will need to be evidenced in writing.

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- 6.10 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.
 - 6.11 At the end of the month, a report of outstanding purchase ledger invoices together with supporting documentation will be reviewed by the Finance Managers (Financial Accounting), who will identify the invoices due for payment.
 - 6.12 Finance Managers (Financial Accounting) will input details of payments to be made to the purchase ledger and generate the BACS payment run. If Finance Managers are signatories to the bank account, then they cannot generate BACS payments, and this role must be fulfilled by the most senior member of the central finance team.
 - 6.13 The BACS run report together with the purchase ledger invoices being paid, must be authorised by two of the nominated bank signatories, and automatically dispatched to suppliers once payments have been authorised.

Buying through a Government Framework

- 6.14 Purchases can be made using a government framework without having to run a full buying process. Each framework has details of goods and services available, an agreed pricing structure, terms and conditions, and guidance on how to buy.
- 6.15 The School Commercial Team within the DfE set up and review a range of frameworks, and the DfE provide 'buying for schools' guidance to help schools secure the best deal and save money.
- 6.16 Buying from a framework can be quicker and easier than getting bids or quotes because the agreements have already been set up through a full competitive tender process, have been quality checked, checked that they comply with the law, and may have draft specifications and help available.

Ordering Goods and Services – up to £9,999

- 6.17 Purchases up to £9,999 can be requisitioned by budget holders (secondary academies), and headteacher and budget holders (primary academies). One quotation must always be secured (before an order is placed) for purchases up to £4,999, and 3 (written) quotations are required for purchases over £5,000. A supplier should be chosen from the list of approved suppliers maintained by the Procurement Officer. If the budget holder considers better value can be obtained by ordering from a supplier not on the approved supplier list, this must be agreed by the Procurement Officer.

Ordering Goods or Services - between £10,000 and £49,999

- 6.18 Purchases between £10,000 and £49,999 must be approved by academy headteachers (or for purchases from the central budget, Directors of Operations, Finance, School Improvement, TSH). At least three written quotations are required. Written quotations should be passed to the Procurement Officer for audit purposes.
- 6.19 In exceptional circumstances (such as an emergency that might pose a risk to the academy, 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 Managers (Management Accounting).
- 6.20 Multiple small orders should not be placed with one supplier in order to avoid obtaining three written quotations. Annual spend by supplier (including the number of orders raised) is reviewed by Finance Managers (Management Accounting) to ensure three written quotations are obtained where the annual spend is greater than £5,000.

Ordering Goods or Services - between £50,000 and £99,999

- 6.21 Purchases between £10,000 and £49,999 or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. These must be approved by the CEO and the budget holder (or for purchases from the central budget, the CEO and Directors of Operations, Finance, School Improvement, TSH).

Ordering Goods or Services – £100,000 and above

- 6.22 All goods/services ordered with of £100,000 and above (total to be calculated on the duration of the contract), must be approved by 2 members of the board of directors, and the CEO, Directors of Operations and Finance.
- 6.23 Since the UK's departure from the EU, the Official Journal of the European Union (OJEU) has been replaced by a UK-only tendering service and there will no longer be a legal requirement to publish procurement contracts on OJEU. Instead, if contract spend is over the WTO GPA threshold (£189,330 Jan 22), tenders need to be posted on the government's new procurement portal 'Find a Tender'.

Purchase of Alcohol

- 6.24 The trust's funds must not be used to purchase alcohol for consumption, except where it is to be used in religious services.

Forms of Tenders

- 6.25 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:** All potential suppliers are invited to tender through the 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:** Selected suppliers are invited. This is appropriate where there is a need to maintain a balance between the contract value and administrative costs, a large number of suppliers exist, only specific suppliers can supply (due to the nature of the goods), and the costs of advertising outweigh the benefits of open tendering.
 - **Negotiated Tender:** The terms may be negotiated with one or more chosen suppliers where the above methods have resulted in either no or unacceptable tenders, one/very few suppliers are available, and extreme urgency exists.

Preparation for Tender

- 6.26 Full consideration should be given to the objective of project overall requirements, technical skills required, after sales service requirements, and form of contract.
- 6.27 After all requirements have been established and ranked, marks are awarded on fulfillment of these requirements - to help reach a decision.

Invitation to Tender (ITT)

- 6.28 If a restricted tender is to be used then an ITT must be issued. If an open tender is used an ITT may be issued in response to an enquiry.
- 6.29 An ITT should include the introduction/background to the project, scope and objectives (including technical requirements), implementation of the project, and terms and conditions of the tender and form of response.

Aspects to Consider

- 6.30 **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 whether there is any scope for negotiation.
- 6.31 **Technical/Suitability.** Undertake checks including the contractor's qualifications, relevant experience, technical and service facilities, certificates of conformity with standards/quality control, and references from other customers.
- 6.32 **Other.** Determine, pre-sales demonstrations, after sales service, and the financial status. Suppliers in financial difficulty may have problems completing contracts or providing after sales services. It may be appropriate to examine audited accounts.

Tender Procedures

- 6.33 The invitation to tender should state the date and time by which the completed tender document should be received by the trust.
- 6.34 Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents.
- 6.35 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.
- 6.36 Those required to be present should be in accordance with the trust's Scheme of Delegation.
- 6.37 All tenders submitted should be opened at the same time and tender details should be recorded. A separate record should be established to record the names of the firms submitting tenders and the amount tendered, and signed by the parties present.
- 6.38 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.
- 6.39 Those involved in deciding must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 6.40 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.
- 6.41 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.
- 6.42 The accepted tender should be the one that is economically most advantageous to the trust. All parties should then be informed of the decision.

Appointment of External Auditors

- 6.43 Trusts should retender their external audit contract at least every 5 years and must consider the evaluation points as outlined in the Academies Handbook (section 4.5).

7.0 INCOME

- 7.1 The main sources of income for the trust are the grants from the ESFA, local authority and other government departments. Finance Managers (Financial Accounting) are responsible for ensuring that all grants due to the trust are collected.
- 7.2 Each academy generates income from students (for trips, visits and activities) and from the public (sports and community lettings). The trust operates a cashless system with the exception of fundraising events (eg. summer fetes, charitable and book events).
- 7.3 Debtor invoices are raised within two weeks following the provision. 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

- 7.4 A lead person (usually a teacher) must be appointed for each trip to take responsibility for the collection of sums due (via Parentpay). The lead person must follow procedures outlined in the academy policy and guidelines. The academy administrative manager acts as educational visits coordinator.
- 7.5 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.
- 7.6 The central finance team ensures Parentpay maintains records for each student showing the amount received. The administrative manager will have access to the system and is responsible for chasing any amounts outstanding.

Sports and Community Lettings

- 7.7 The administrative manager is responsible for maintaining records of bookings of sports and community facilities and for identifying the sums due from each organisation.
- 7.8 Payments must be made immediately after the use of facilities.
- 7.9 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.
- 7.10 Details of payments made and outstanding accounts will be reviewed by Finance Managers (Financial Accounting) on a regular basis and who is responsible for chasing outstanding debts and ensuring no further use is made of the facilities without payment.
- 7.11 Sales invoices include details of how to make payments.
- 7.12 Debts can only be written off in accordance with the trust's Scheme of Delegation.

Custody of Income

- 7.13 Cashless (online) payments are required. Only in the most exceptional of circumstances (i.e. the debt will not be paid) will cash or cheques be accepted. Income must be stored in the academy safe, prior to banking.
- 7.14 Official, numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists.
- 7.15 The central finance team is responsible for counting and checking cash and cheques, and preparing documents ready for transportation by the cash collection provider to the bank. This is performed on the academy site by 2 members of the central finance team.

8.0 CASH MANAGEMENT

Bank Accounts

8.1 The opening of all accounts must be authorised by the Director of Finance setting out arrangements covering the operation of accounts, including any transfers between accounts and the operation of systems such as BACS and other means of electronic transfer of funds.

Deposits

8.2 Particulars of any deposit must be entered on a copy paying-in slip or counterfoil. Details should include the amount of the deposit and reference (the number of the receipt or the name of the debtor).

Payments and withdrawals

8.3 All financial instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories: CEO, principal/headteacher, and other approved signatory 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 trust. Authorised signatories must not sign a financial instrument relating to goods or services for which they have also authorised the expenditure.

Administration

8.4 Finance Managers (Financial Accounting) must ensure bank statements are reconciled at least monthly.

8.5 Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the trust's cash book; and
- reconciliations are subject to an independent monthly review carried out by the Finance Managers (Financial Accounting), who will ensure adjustments are dealt with promptly.

Petty Cash Accounts

8.6 The trust maintains petty cash at each academy, administered by the administrative manager and kept in the safe. Petty cash is available for the welfare and safeguarding of students, and for small purchases required immediately (eg. fuel for a lawnmower).

Business Charge Cards

8.7 The central finance team holds business charge cards issued by Lloyds Bank Plc, in order to process purchase transaction across all academies in the trust, namely:

- Cleo Potterton, Director of Finance
- Lisa Audsley, Premises Manager
- Leanne Greene, Procurement Officer

8.8 In addition, each academy administrative manager (and the Resourced Provision at Thornhill) holds a business charge card issued for small purchases. The card use is restricted for payments relating to the welfare and safeguarding of students, supermarket purchases, and for fundraising events.

8.9 Transactions are subject to the same procedure as outlined in the Purchases Section (602-613), substituting *credit card payment*, where reference is made to BACS payments.

Deposits

8.10 Deposits to petty cash are via withdrawals made from business cashpoint cards held by the central finance team. Receipts are recorded in the petty cash system with the date, amount and a reference. All other cash receipts should be paid directly into the bank.

Payments and Withdrawals

8.11 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

8.12 The academy administrative manager is responsible for maintaining petty cash transactions. Regular as well as unannounced cash counts are conducted by central finance to ensure that the cash balance reconciles to supporting documentation.

Physical Security

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

Cash Flow Forecasts

8.14 Finance Managers (Financial Accounting) are responsible for preparing cash flow forecasts to ensure sufficient funds are available for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest funds. Similarly plans should be made to transfer funds from another bank account to cover potential cash shortages.

Investments

8.15 Investments must be in accordance with written procedures approved by the board, and 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.

9. FIXED ASSETS

9.1 Academy trusts **must** obtain prior approval from the ESFA for the following transactions:

- Acquiring or disposing freehold land or buildings
- Disposing of heritage assets beyond any limits in its funding agreement

Asset Register

9.1 All items purchased with a value over the trust's capitalisation de-minimus (£1,000 or lower for computer equipment) are included in the trust asset register.

9.2 Each asset register should include the following information:

- asset number and description;
- model, type and serial number;
- location;
- date of acquisition;
- asset cost;
- source of funding eg. GAG, capital, donation;
- expected useful economic life, depreciation; and
- current book value.

9.3 The Asset Register helps:

- ensure staff take responsibility for the safe custody of assets;
- enable independent checks as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- external auditors to confirm values in the annual accounts; and
- support insurance claims.

Security of assets

9.4 Stores and equipment must be secured by means of physical and other security devices.

9.5 Where physically viable, all items on the register should be permanently and visibly marked as the trust's property. The trust uses tamper-proof bar code stickers.

9.6 Records of asset movements must be maintained.

9.7 Inventories of academy property should be kept up to date and reviewed regularly.

9.8 There should be a regular (at least annual) count by someone other than the person(s) maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and reported to the A&RAC.

9.9 Evidence that asset checks have been performed verified by the external auditors.

Disposals

9.10 Disposals are in accordance with the trust Scheme of Delegation.

9.11 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.

9.12 Assets over £20,000 (original cost) must be authorised for disposal by the CEO, trust Board and Director of Finance.

9.13 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.

9.14 All disposals of land must be agreed in advance with the ESFA.

9.15 All disposals of heritage assets must be agreed in advance with the ESFA.

Loan of Assets

9.16 Items of academy property must not be removed from academy premises without the authority of the principal/headteacher.

9.17 A record of loans (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 held by academy administrative managers.

9.18 The list of asset loans should be reviewed regularly and outstanding items chased.

9.19 Assets on loan for extended periods or to a member of staff on a regular basis 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

- 10.1 The Academies Handbook states academy trusts **must** be even-handed in their relationships with related parties by ensuring that:
- trustees avoid conflicts of interest, do not accept benefits from 3rd parties, and declare interest in proposed transactions or arrangements;
 - all members, trustees, local governors of academies and senior employees complete the register of interests;
 - no member, trustee, local governor, employee or related individual/organisation uses their connection to the trust for personal gain;
 - there are no payments to trustees by the trust unless permitted by the articles, and where permitted are provided 'at cost';
 - all contracts and other agreements with related parties must be reported to the ESFA in advance;
 - ESFA prior approval **must** be obtained where the total value of contracts and other agreements exceed £20,000 in the same financial year ending 31 August.

Register of Interests

- 10.2 The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the trust.
- 10.3 It should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted by that person.
- 10.4 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 at meetings. Where an interest has been declared, governors and staff should not attend that part of the meeting.
- 10.5 The register of interests must be kept up-to-date at all times.
- 10.6 The trust **must** publish relevant business and pecuniary interests of members, trustees, local governors and accounting officers on its website.

Register of Related Parties

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

11.0 INTERNAL SCRUTINY

- 11.1 The Academies Handbook states that all trusts **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively.
- 11.2 The trust **must** identify on a risk-basis (with reference to its risk register) the areas it will review each year, modifying its checks accordingly. For example, this may involve greater scrutiny where procedures or systems have changed.
- 11.3 Independence **must** be achieved by those carrying out the checks reporting directly to a committee of the board, which in turn provides assurance to the board.
- 11.4 The trust **must** establish an audit and risk committee, appointed by the board, that meets at least 3 times a year. Trusts with an annual turnover of <£50m **must** either have a dedicated audit and risk committee or can combine it with another committee, such as finance.
- 11.5 Employees of the trust should not be members of the committee. The accounting officer and chief financial officer should attend to provide information / participate in discussions. The chair of the board should not be the chair of the audit and risk committee.
- 11.6 The audit and risk assurance committee **must**:
- have written terms of reference;
 - agree an annual programme of work to deliver internal scrutiny;
 - review the ratings and responses on the risk register to inform the programme of work, ensuring checks are modified as appropriate each year;
 - agree who will perform the work;
 - consider reports at each meeting from those carrying out the programme of work;
 - consider progress in addressing recommendations;
 - consider outputs from other assurance activities by 3rd parties including ESFA financial management and governance reviews, funding audits and investigations; and
 - have access to the external auditor (and those carrying out internal scrutiny), review their plans and reports and also consider their quality.
- 11.7 Oversight **must** ensure information submitted to the DfE and ESFA that affects funding, completed by the trust, is accurate and in compliance with funding criteria.
- 11.8 Internal scrutiny can be delivered through a combination of options, including; employment of an in-house internal auditor, a bought-in internal audit service, appointment of a non-employed trustee, and peer review by the chief financial officer from another academy trust.
- 11.9 The trust **must** confirm (in its annual governance statement) which internal scrutiny options it has applied and why. It **must** also submit a report of internal scrutiny conducted, as part of the submission of its audited annual accounts.