



## Financial Regulations Policy

Approved via Governorhub

Approved Date	25 January 2023
Review Date	January 2024





## **Financial Regulations Policy**

### **Introduction**

The purpose of this manual is to ensure that all the schools within Soke Education Trust maintain and develop systems of financial control, which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education and Skills Funding Agency (ESFA). The Trust provides the ESFA with the authority to give permission for any third party to provide such information or documentation requested linked to investigations where information may be held by other parties.

Soke Education Trust must comply with the principles of financial control outlined in the Academy Trust Handbook. This manual expands on that and provides detailed information on the academy's accounting procedures and system manual should be read by all staff involved with financial systems.

This manual serves as an adjunct to the approved scheme of delegation (which is reviewed annually or immediately if a change in trust management or organisational structure occurs) providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

### **Roles and Responsibilities**

The Trust, through the terms of reference have defined the responsibilities of each person involved in the administration of trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors, governors and staff. In summary the key responsibilities are listed below but reference should be made to the full terms of reference agreed annually by the Board. The Trust Board and its committees will meet regularly enough to discharge their responsibilities and ensure robust governance and effective financial management, constantly assessing the Trust's ability to continue as a going concern. The Board and its committees will meet at least six times a year. Each meeting will be minuted by a clerk appointed by the Board, independent to the Trustees and Management of the Trust. Registers of interest for all Trustees, Governors and Senior Leaders should be kept up to date and all will be subject to DBS and Section 128 suitability checks.

### **The Directors**

The Directors have overall responsibility for the administration of the Trust's finances, and must not, in either a paid or voluntary capacity, be employees of the Trust. The main responsibilities of the Directors are prescribed both in the Funding Agreement between the Trust and the ESFA and through both Company and Charity law. Duties are described in both the Charity Commission guidance The Essential Trustee and in sections 170 to 181 of the Companies Act 2006. The main responsibilities include:

Three core functions of governance:

- Ensuring clarity of vision, ethos and strategic direction
- Holding executive leaders to account for the educational performance of the organisation and its pupils and the performance management of staff
- Overseeing and ensuring effective financial performance by:
  - Ensure that grant from the ESFA is used only for the purposes intended;
  - Approve the annual budget including the staffing establishment and estates management plan;
  - Appoint the CEO, Headteachers and CFO
  - Authorise expenditure and applications for grants above the level of delegated authority of committees.
  - Directors agree annually on the Scheme of Delegation of Financial Powers to the CEO, Headteachers, CFO and Operations managers.

### **The Trust Finance, Audit, Risk & People Committee**

The Trust Finance, Audit, Risk & People (AFR&P) Committee is a committee of the Board of Directors. The AFR&P Committee meets at least termly but more can be arranged if necessary. The responsibilities of the committee are set out in the written terms of reference authorised by the Board of Directors. The Chair of the Trust should not be the Chair of the AFR&P Committee as per the ATH 2021, employees may participate in the meeting but not be members of the committee. The financial responsibilities are summarised below:

- Oversight of the operation of the Trusts Financial procedures and transactions through review of reports.
- Initial review of the annual budget and recommendation to Board of Directors including staffing establishment and estate management plan.
- Provide monthly monitoring of actual expenditure and income against budget and compliance with funding agreement;
- Ensure accuracy of pupil numbers and funding claims, challenging the accuracy of pupil numbers and reviewing on a termly basis.
- Ensure suitability of and compliance with the Trust's financial systems and operational controls to manage risks.
- Ensure the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the ESFA guidance issued to academies and recommend them to the audit and risk committee.
- Exercise delegated powers as set out below in approving expenditure, banking arrangements and asset write-offs.
- Ensure the external auditor is suitably qualified, independent and providing the correct service to the Trust.
- Review and report on the internal control framework and its effectiveness
- Assess risks to the organisation, including cybercrime, maintaining the risk register and also ensuring proportionate controls and appropriate actions are followed, which links to checks at responsible officer visits and reporting to the Board, who retain overall responsibility of the register, at least annually.
- Handle allegations from whistle-blowers

- Adopt ICFP – Integrated Curriculum Financial Planning methods to ensure curriculum planning provides the best education with the resources available.

### **The Chair of Directors**

The Chair of Directors is responsible for ensuring the effective functioning of the Board and setting professional standards of governance.

### **The Pay Committee**

The Pay Committee is a committee of the Board of Directors which meets at least once a year. The responsibilities of the committee are set out in the written terms of reference authorised by the Board of Directors. The main financial responsibilities include:

- Review the pay policy and ensure it is compliant with statutory requirements.
- Make recommendations to the Board and ensure they are applied equitably and consistently for all staff
- Approve pay increases and ensure they are linked to the trusts appraisal policy.
- Review staffing structure in respect of pay relativities of posts in the structure.
- Ensure decisions about the levels of Executive pay follow a robust evidence-based process and are reflective of the individual's role and responsibilities. No individual can be involved in deciding their own remuneration. Executive pay decisions should also include benefits such as pension not just salary, to ensure its approach to pay and benefits is transparent, proportionate and justifiable. Consideration made to the decision- making process including whether educational and financial performance considerations. A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term.
- Ensure its approach to pay is transparent, proportionate and justifiable.
- Publish under the Equality Act 2010 information about the gender pay gap in the organisation, on both the Trust and government website.
- Publish a statement of employees whose benefits are more than £100k

### **Chief Executive Officer**

The Chief Executive Officer (CEO) as Accounting Officer has overall executive responsibility for the trust's financial activities. The Accounting Officer must be an employee of the Trust\*. (The RSC should be consulted to discuss options should it be necessary to appoint a new Accounting Officer to discuss options and recruitment processes). The main financial responsibilities include:

- Approve new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them in conjunction with the Headteachers
- Authorise contracts within the budget in line with the approved Scheme of Delegation
- Authorise BACs in line with the approved Scheme of Delegation
- Ensure the systems of internal control are maintained.

- Ensure that there is an annual review of contracts and supplier with turnover exceeding £50,000

\* Except where the ESFA/DFE has given express written notice that permits the Trust to engage a CEO by other means. In such an instance the Trust will abide by all instructions and restrictions contained in this notice, including any time limitations of such an appointment,

### **Headteachers**

The Headteachers of each school are responsible for ensuring the schools remain within their budgeted expenditure. They also have the following responsibilities.

- ensure School-level resource is applied appropriately;
- consider the school's needs and develop a budget to ensure target outcomes
- ensure value for money and demonstrate that value for money has been achieved;
- monitoring and reviewing expenditure on a regular basis and ensuring compliance with the overall financial plan for the school
- assist the Directors in complying with the provisions of the Funding Agreements, where requested from time to time;
- ensure budget considers estate management plan, authorising contracts within the budget in line with the approved Scheme of Delegation

### **Chief Financial Officer**

The Chief Financial Officer (CFO) is a corporate officer primarily responsible for managing the financial risks of the MAT and must be an employee of the MAT. They should maintain professional development and take relevant ongoing training. The CFO is also responsible for financial planning and record-keeping, as well as financial reporting to Trust Board. The main financial responsibilities include:

- Manage resources in an efficient, economical and effective manner;
- Manage the financial position
- Implement and operate of rigorous and robust audits and control;
- Ensure that the annual accounts are properly presented and are adequately supported by the underlying books and records;
- Devise appropriate accounting procedures to control, monitor and disburse each School's budget including routine financial arrangements.
- Ensure that all schools set a balanced budget, which is minuted as approved by the Board.
- Ensure all budgets include an estate management plan
- Develop and update the computer-based financial and management accounting systems for the Trust and each School.
- Ensures the Finance team prepare and submit the necessary documentation for the recovery of VAT .
- Contribute to the development and review of a 3-year strategic business plan ensuring objectives are linked to the overall long-term financial plan of the MAT
- Work with the School finance team for the production of monthly management accounts, including as a minimum an income and expenditure report, showing variance against budget, balance sheet and cashflow statement, together with relevant KPI's in accordance with ICFP, appropriate reports and financial forecasts for the MAT ensuring timeliness and accuracy.

Reports to be issued monthly to all Directors ..

- Ensure timely and effective availability of financial information for Directors and provide general support to ensure the effective conduct of their business in accordance with the articles of governance and Financial Regulations Policy.
- Liaise with auditors and facilitate all audit arrangements.
- Advise the CEO and the Board on External and Internal audit arrangements
- Update Getting Information about schools and Companies House within 14 days of changes in CEO/CFO, Trustees or Members, ensuring contact details maintained for all.
- Prepare monthly and annual financial reporting including management accounts, including as a minimum an income and expenditure report, showing variance against budget, balance sheet and cashflow statement, together with relevant KPI's in accordance with Integrated Curriculum Financial Planning (ICFP)
- Ensure forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.
- Maintains a fixed asset register

### **Segregation of Duties**

Within the Trust, segregation of duties is achieved between the Finance team, Operations managers/Officers, CFO and Headteachers and is achieved through the controls set out in this regulation. Under no circumstances should a Headteacher authorise their own expenses claim. This must be authorised and approved by the CEO. The CEO must have their expenses approved by the Chair of the Trustee Board.

### **Register of Pecuniary Interests**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all directors, governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the trust may purchase goods or services. The register is open to public inspection.

- The register should include all business interests such as directorships, shareholdings or other appointments of influence. 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. The register must be kept up to date on a regular basis not just reviewed annually.
- The existence of a register of business interests does not, of course, detract from the duties of Directors, Governors and Staff to declare interests whenever they are relevant to matters being discussed by the Directors, the governing body or a committee. Where an interest has been declared, Directors, Governors and Staff should not attend that part of any committee or other meeting.
- Related Party transactions to be declared to the ESFA in advance of the transaction with the supplier, via an online form. Advance permission to be sought for any related party contract over the value of £20,000. The Trust will need to confirm:
  - The relationship between the supplier and the Trust

- The supplier is listed on the Trust's register of interests
- A Statement of Assurance is in place
- There is an open-book agreement with the supplier
- A statement of assurance should also be maintained by the Trust with the supplier.

### **Third Party Transactions**

The Soke Education Trust must be even-handed in their relationships with connected parties by ensuring that:

- Directors understand and comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements
- Members, Directors, Local Governors and Senior employees complete the register of interests retained by the trust, in accordance with Academies Handbook sections 3.1.16 to 3.1.19, to ensure there are measures in place to manage any conflicts of interest
- No Member, Director, Local Governor, employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
- No payments are made to any Director unless such payments are permitted by the articles, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered into with the Secretary of State. Trusts will in particular need to consider these obligations where payments are made to other business entities who employ the Director, are owned by the Director, or in which the Director holds a controlling interest
- The Charity Commission's prior approval is obtained where the Trust believes a significant advantage exists in paying a Director for acting as a Director
- Any payment provided to the persons referred to in the Academies Handbook section 3.2.2 satisfies the 'at cost' requirements in this handbook

The Board of Directors must ensure that the requirements for managing connected party transactions are applied across the trust. The Chair of the Board of Directors and the Accounting Officer (as senior executive leader) must ensure that their capacity to control and influence does not conflict with the requirements laid out in the Academies handbook.

Trusts must seek ESFA's prior approval for transactions with connected parties that are novel, contentious and/or repercussive. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the chair of the board of Directors and the accounting officer.

Trusts must report all transactions with related parties to the ESFA in advance of the transaction taking place, using the ESFA's on-line form. This applies to transactions made on or after 1<sup>st</sup> April 2019.

### **Financial Planning**

Soke Education Trust will prepare rolling 3 to 5-year budget.

The budget cycle is as follows:

- Autumn term (Sept – Dec)

- Implementation of current budget plan
- Monitoring expenditure (continuous-monthly)
- Reconciliation and closure of previous financial year
- Consideration for the following financial year planning scenarios
- Spring term (Jan – Mar)
  - Monitoring and reviewing of year's budget
  - Revised Budget where appropriate
  - Pre-planning new financial year, including estate management plan
- Summer term (Apr – Aug)
  - Planning for forthcoming year
  - Preparation and submission of financial budget plan
  - Review of current year's budget

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

## **Budget**

The Central Team is responsible for preparing and obtaining approval for the annual budget, including an estate management plan. The budget will be set by the Headteacher & Finance Manager, agreed by Chief Executive Officer (CEO) and the AFR&P Committee and approved by the Trust Board.

The annual budget will reflect the best estimate of the resources available to each school 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.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of General Annual Grant
- Latest estimate of other ESFA funding e.g. pupil premium, Universal Free School meals or other specific funds
- Review of other income sources available to the school to assess likely level of receipts
- Review of past performance against budgets to promote an understanding of the school cost
- Identification of potential efficiency savings
- Estate management plan
- 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
- Include carry forward balances
- Any unspent grants from the previous financial year
- Any funds held in Trust
- Impact of future plans for the year beyond, using realistic assumptions, using curriculum- based planning.

A comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and

deferring projects until more funding is available. Unless pre-authorised by the Board of Directors plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan.

If there is a significant (over 10%) departure from the anticipated total budget carry forward this will be escalated to the Trust Board by the AFR&P Committee.

The approved budget is then entered onto the finance system (HCSS) at the start of the new financial year.

### **Other Government Funding**

In addition to GAG funding from ESFA the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding etc. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.

### **Other Grants and Specific Funding**

In addition to the GAG funding from the ESFA, the MAT and other government funding, the MAT may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the Headteacher. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.

The Central Team is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

With the exception of ESFA funding, any funding agreement must be reviewed by the Chief Financial Officer in order for the CFO to assess any risks contained within the agreement.

### **Funds Held in Trust**

Where funds are held in trust, the Central Team is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

## **Revised Year End Forecast**

Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Finance Manager and CFO and reports shared with the CEO as Accounting Officer and the AFR&P Committee. Where significant variations to the agreed budget are identified or where a number of substantial variations have been approved by AFR&P Committee and or where significant staff changes have occurred in-year, then a Revised Year End Forecast should be prepared and approved by the Board of Directors. This Revised Year End Forecast should then form the basis of analysis of all income and expenditure until the financial year end.

## **Budget Forecast Return**

The approved budget must be submitted to ESFA by 31st July each year by the CFO. The CFO is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

## **Monitoring and review (including management accounts)**

Monthly reports are prepared by the Finance Manager. The reports include actual income and expenditure against budget (shown as month to date and cumulatively)

Any potential overspend against the budget must in the first instance be discussed with the Headteacher. Any material overspend must be reported to the CFO as soon as is practicable

The monthly reports are sent to the CFO. The CFO will prepare a set of management accounts and will make these available to the Headteacher, CEO and other appropriate persons. The CFO will prepare consolidated management accounts for the Trust Board which are reviewed by the Board of Directors and Audit, Finance, Risk & People Committee.

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

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

The Accounting Officer has delegated the following responsibilities to the CFO:

- adherence to tendering policies
- review of transactions confirming in line with delegated authorities as set out by the Academy Trust Handbook
- review of Directors/governors' minutes

A checklist is completed for each review undertaken.

## **Annual accounts**

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

The accounts are outsourced to the Trust appointed auditors for preparation. Retendering of the audit contract will take place at least every 5 years. The AFR&P committee must assess the effectiveness and resources of the external auditor to provide a basis for decisions by the Members about the auditor's reappointment or dismissal or retendering. This includes consideration such as:

- The auditor's sector expertise
- Their understanding of the Trust and its activities
- Whether the audit process allows issues to be raised on a timely basis at the appropriate level
- The quality of auditor comments and recommendations in relation to key areas
- The personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the trust's manager
- The auditor's use of technology
- Produce an annual report of the committee's conclusions to advise the board of trustees and members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.

The accounts are then submitted as follows:

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

### **Value for money statement**

As part of the annual accounts the Trust must include 3 focused examples of value for money.

The CEO is responsible for collating the examples which are then confirmed by the AFR&P Committee

### **Audit arrangements**

External auditors must be appointed in accordance with the Academy Trust Handbook. Audit contract should be retendered at least every 5 years.

The CFO is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

The Board must ensure that there is an appropriate, reasonable and timely response by the Trust to any findings by the auditors, taking opportunities to strengthen the Trust.

### **Internal Audit**

Internal audit arrangements must be outlined by the AFR&P Committee. The Internal Auditor reports to the AFR&P Committee. Internal Audit work cannot be completed by the same

provider as External Audit, and should not purely include financial risk but non-financial risks too. The committee must agree the scheme of work, focusing on high-risk areas, to consider:

**Evaluating** the suitability of, and level of compliance with, financial and other controls. This includes assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed

**Offering advice and insight** to the board on how to address weaknesses in financial and other controls, acting as a catalyst for improvement, but without diluting management's responsibility for day to day running of the trust

**Ensuring all categories of risk** are being adequately identified, reported and managed, linking with the risk register.

Reports to be submitted from each visit and an annual report to be produced to allow the AFR&P committee to review key findings and recommendations. The annual summary to be submitted to the ESFA by 31st December with the annual accounts.

#### **Work undertaken during accounting period**

The Central Team are responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:

- Review the structure of the trial balance
- Maintain income and expenditure records within Access
- Review aged debtors for any provisions required
- Maintain a record of related and connected party transactions
- Control account reconciliations (bank, wages, debtors, creditors)
- Monitor & report to the Accounting Officer and Board of Directors

#### **Work undertaken for the year end**

The Central Team are responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- Prepayments for IT licenses
- Prepayments or accruals for grant income
- Control account reconciliations (bank, wages, debtors, creditors)
- Close down of the purchase ledgers
- Close down of the sales ledgers and aged debtors
- Pension valuations
- Pension audit

The school is required to:

- Take a stock check and inform the Trust of year-end stock value held at the school

## Accounts Return

The Trust must prepare an Annual Accounts Return for the accounting period to 31st August, which is submitted to the ESFA by 19th January.

The accounts return is outsourced to our auditors for preparation.

## Document retention

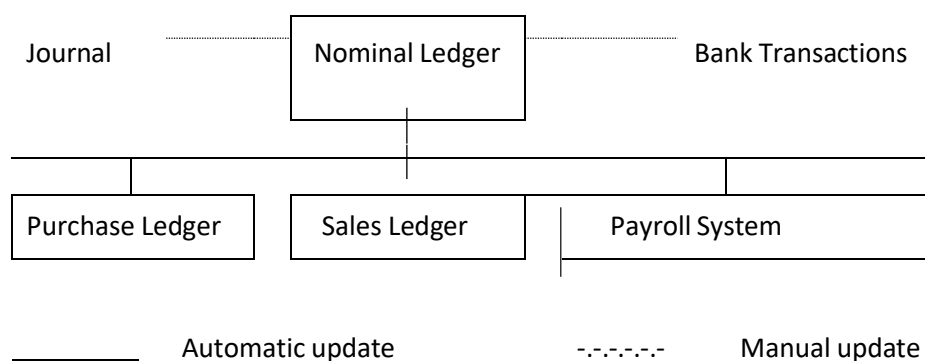
Documents are retained for the following amount of time:

- Finance records – current year plus preceding 6 years
- Supply cover insurance – current year plus preceding 6 years
- Payroll and travel records – current year plus preceding 6 years
- Personnel records – 5 years after an employee

All student files until the student reaches the age of 21

## Accounting system

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



## System Access

Access to the system is password restricted to **Finance personnel and staff with designated financial duties**.

## Back-up Procedures

The accounting system is a cloud based system and backed up by the supplier.

## Transaction processing

All transactions input to the accounting system must be authorised in accordance with the procedures

specified in this manual.

## **Reconciliations**

The Central Team is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Sales ledger control account
- Purchase ledger control account
- Payroll control account
- VAT control account
- All suspense accounts
- Bank balance per the nominal ledger to the bank statement

Any unusual or long outstanding reconciling items are brought to the attention of Headteacher and dealt with according to the bad debt limits in this manual.

## **Cash Management**

### **Bank Accounts**

The following procedures must be followed when opening a bank account and operating it:

- The Trust is responsible for selecting the banking institution and negotiating the terms and conditions
- The Directors must authorise the opening of all bank accounts. This may include a blanket approval to use third party investment platforms as per the Trusts Investment Policy
- Soke Education Trust will ensure that in the event of changes to key personnel or governors/Directors, signatories will be changed immediately, and the bank notified. Any on-line access to banking will also be removed
- Terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
- The Trust must inform the bank, in writing, that their accounts must not become overdrawn
- The Trust must ensure there are sufficient funds to cover large payments

### **Deposits**

It is the Trust preference that cash payments are *used received*. For any cash that is taken it is school staff that are responsible for making any cash deposits. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:

- The amount of the deposit
- A reference (for example the number of the receipt or the name of the debtor)

The Central Team is responsible for updating the accounting system (within 2 working days) for deposits placed. The school shall inform the Central Team when a deposit has been made.

### **Payments and withdrawals**

No alcohol should be purchased under any circumstances through any format of school funding.

### **Administration**

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

- Schools' cash books are reconciled at least once a month.
- Reconciliations are prepared by the Finance Department
- Reconciliations are subject to an independent monthly review carried out by the Headteacher
- Adjustments arising are dealt with promptly
- No overdraft situation arises

### **Investments**

Investments are made in accordance with written procedures approved by the Trust Board.

All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

### **Reserves**

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

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

If the Trust is anticipating a deficit at the end of any financial year, the Trust Board and CEO have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Trust Board must ensure that a recovery plan is submitted and approved by the ESFA.

### **Capital Reserves**

It is the responsibility of Central Team to keep accurate records of the capital funds, especially where grants have been received for capital projects.

### **Payroll**

#### **Staff Appointments**

The Directors have approved a personnel establishment for the Trust. Changes can only be made to this establishment with the express approval in the first instance of the Trust Audit, Finance and Risk Committee who must ensure that adequate budgetary provision exists for any establishment changes. All Senior Managers should be on the payroll subject to NI and PAYE deductions in accordance with IR35.

The Headteacher has authority to appoint staff in line with the Scheme of Delegation and Staff Approvals policy. The Central Team maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Central Team immediately.

The Central Team is responsible for obtaining the relevant DBS checks and ensuring these are retained on file

### **Payroll Administration**

Payroll is administered through the Trust's payroll provider, EPM. All staff are paid monthly through the payroll provider. A master file is created for each employee which records:

- Salary
- Bank account details
- Taxation status
- Personal details
- Any deductions or allowances payable
- Other legal and relevant details

Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the Headteacher. Authorised timesheets must be provided to the Central Team for approval.

### **Payments of salaries and expenses**

All salary payments are made by BACS.

All expenses claims for staff including Headteachers will be processed via EPM. All expense payments must adhere to the Trust's Staff Expenses Policy.

On a monthly basis the Central Team will undertake a reconciliation between the current month's actuals payments and the expected payments for staff. This shall be undertaken on the Trust's budgeting software. The Finance Manager will record reasons for variations on the budgeting software. A electronic copy of this reconciliation will be held for audit purposes.

After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Department should review the payroll control account each month to ensure the correct amount has been posted from the payroll system. Individual cost centres have been correctly updated.

### **Salary advances**

The Trust does not award salary advances.

### **Overtime**

Overtime is recorded by the individual and submitted by payroll provider's deadline.

Claim forms must not be submitted prior to work having been undertaken.

No payments for work undertaken will be made other than via the payroll system

### **Severance payments**

The Trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk.

Where the non-contractual element is or over £50,000 prior approval from ESFA must be sought.

The Accounting Officer must sign off and review each business case.

### **Ex-gratia payments**

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

### **Income**

#### **ESFA grants**

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

#### **Other grants**

The receipt of these sums is monitored directly by the Central Team who is responsible for ensuring that all grants due to the school are collected.

### **Trips**

Within each school, a member of the administrative team will prepare a record for each pupil intending to go on the trip showing the amount due on the schools' electronic payments system.

Parents should make payments on Parentpay wherever possible to ensure an audit trail for receipt of monies is evident. Cash payments are accepted in exceptional circumstances only via the school office.

An up to date record for each pupil showing the amount paid and the amount outstanding is available to view on the school's electronic payment system (Parentpay). School Administrative staff are responsible for chasing the outstanding amounts.

**Trips should be run at cost price, allowance shall be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the**

## **Headteacher in advance of the booking being made.**

### ***If cash payments***

Cash payments must be reconciled on a daily basis by the Admin Staff to the lunch records and signed as evidence of reconciliation. The school meal numbers and cash totals are then to be entered onto the weekly banking sheet or less frequently when the sum involved is less than £50. The cash is kept in the safe prior to collection for banking. The Operations Manager must reconcile the banking sheet to actual receipts banked.

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

The weekly bank credits are reconciled to the Parent Pay reports in the first instance. Monthly checks are undertaken by Operations Manager and cross referenced to a sample of individual pupils.

## **Lettings**

The Operations Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities unless expressly agreed by the Headteacher.

Details of organisations using the facilities will be held by the Central Team, who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.

Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually.

## **Licence to Occupy**

If a school wishes to agree a Licence to Occupy with a third party such agreement must be escalated to the Central Team so that they can ensure any agreement is suitable access legal advice as appropriate.

## **Gift aid**

To ensure the Trust, in its position as an exempt charity, receives all the monies it is entitled to:

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

## **Bad debts**

The Trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.

If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the

Operations Manager submits a report to the CEO for approval of write off.

The following write off limits apply:

- Up to £499 – Headteacher
- £500 to £1,000 – CFO
- Over £1,000 – Trust Audit, Finance and Risk Committee and refer to debt collecting agency

### **Purchasing**

The Trust must achieve value for money on all purchases. A large proportion of our purchases are paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

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

### **E-procurement & Payments**

As per the Academies Trust Handbook credit cards must only be used for business expenditure, and balances cleared before interest accrues.

Use of a credit card must adhere to purchasing approval limits as identified in Appendix A.

The school credit card is used only when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases. Each card has a set credit limit which should not be exceeded. Cards should not be used for cash advances.

The card is kept in the safe and is only used by the named member of staff.

Any school wishing to make a purchase on credit card must complete a purchase requisition and pass this to the Operations manager, or Admin staff to make the purchase. All requisition forms detailing the purchase must be signed by the Budget Holder. A requisition form must contain a best estimation of the cost of the item (inclusive of VAT) so finance staff can generate a purchase order for the item.

When the credit card bill arrives, there will be a signed requisition form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. On receipt of an invoice a variance of 10% from the above requisition form is permissible and may be processed for payment.

A cash book journal must be entered into the Trust Accounting system for each entry on the statement.

The credit card bill, along with all the relevant requisition forms are given to the Central Team who will check the statement and sign an authorisation sheet. The Headteacher will then check a sample of the transactions (minimum of 3 or 20% whichever is the maximum) and sign the statement. These are then filed

away together in the credit card folder, until the end of the financial year, when they will be archived.

### **Trade Cards**

Schools are permitted to use Trade cards. Trade cards are a form of credit card for use at specific retailers. All limitations and processes identified for general credit cards also apply to trade cards.

### **Amazon purchases**

All purchases made through Amazon must be made via the school/trust's amazon account. Amazon purchases may only be made where a product can be purchased and paid for via invoice. Credit card payments for amazon are not permitted, unless agreed in advance by the CFO.

### **Routine Purchasing**

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder termly.

In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Department. For larger purchases consideration will be made to procurement routes via "Buying for schools", a service offered by the DFE's Schools Commercial Team. Alternatively, these should be checked with the CFO to ensure any appropriate accreditation is in place and for any necessary credit checks to be undertaken. A quote or price must always be obtained 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 Central Team. Copies of all quotes must be attached to the relevant purchase order on the trust's financial accounting system

The office staff must make a detailed check against the order and these documents must be attached to the invoice before it is sent back to the Operations manager. Office staff must undertake these checks without undue delay and in any case within 7 days of invoice receipt.

If a budget holder is pursuing a query with a supplier, the Central Team must be informed of the query and periodically kept up to date with progress.

At the end of each month the Central Team will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation.

BACS payments are input by the Finance Team and authorised on-line by two signatories in accordance with the banking policy and procedures (see E-procurement and Payments above).

Except for 145 below, at least three written quotations should be obtained for all orders between £10,000 and £40,000 to identify the best value source of the goods/services. Written details of quotations obtained should be prepared and retained by the Budget Holder for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.

For orders up to the value of £40,000 the Trust/Schools are permitted use of Buying for Schools “Find a DfE-approved framework for your school” service. This service is considered as an approved exception to the general rule of obtaining three written quotations as long as the Trust/School is compliant with the rules of awarding contracts as defined by each separate framework.

Where the Trust/Schools make a direct award via a framework they are required to make record of why a specific supplier is chosen.

### **Orders over £40,000**

All goods/services ordered with a value over £40,000, or for a series of contracts which in total exceed £40,000 must be subject to formal tendering procedures.

### **UK procurement thresholds**

Purchases over **150,000** are to be dealt with in accordance with the UK procurement thresholds

### **Goods and services for private use**

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

### **Forms of Tenders**

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

### **Orders**

All orders must be authorised in line with the approved Scheme of Delegation and Appendix A of these regulations.

All orders made by a school must be made in writing using a requisition.

### **Paper requisitions**

Stocks of which are held by the Operations manager. Requisitions must bear the signature of the budget holder and must be forwarded to the Operations manager who will check to ensure adequate budgetary provision exists before placing the order.

Approved orders must be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier from the Admin Office.

Exemptions to these where physical orders may not be raised on the system prior to invoicing include:

- Rent or business rates

- Utility costs
- Petty cash purchases
- Purchasing card transactions
- Purchasing for catering supplies (food and drink only)

In some instances, extenuating circumstances relating to immediate routine remedial works needing to be urgently completed to ensure safety of the premises (eg urgent lighting or heating repairs) – however a purchase requisition must still be completed at the point of order, with an estimate costing, and signed by the appropriate personnel.

The person placing the order must make appropriate arrangements for the delivery of goods to the school. On receipt the Operations Manager/Business Officer must undertake a detailed check of the goods. Discrepancies should be discussed with the supplier of the goods without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Operations Manager/Business Officer should be notified. The Operations Manager/Business Officer will keep a central record of all goods returned to suppliers.

All invoices should be sent to the [payments@sokeeducationtrust.co.uk](mailto:payments@sokeeducationtrust.co.uk).

### **BACS Payments**

On receipt of an invoice, the Central Team will process payment. The invoice will be saved as an attachment in the financial accounting software.

An invoice approval will be sent electronically to the headteacher who will approve electronically. This will signify that:

- An official purchase order has been raised for the purchase, excluding rolling contracts and energy or salary recharge invoices
- The delivery note has been checked
- Delivery is of correct quantity, quality and price
- That it has not been previously paid
- Funds are available in the relevant budget

The Central Team generate a BACS payment. This is checked by the Finance Manager. The BACS report is uploaded to the bank by the Finance Manager. The CFO approves the payment electronically on the bank. Appropriate account signatories must store their bank card and reader securely either on or off the school site.

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

- Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Central Team how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if

practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
  - there is a need to maintain a balance between the contract value and administrative costs,
  - a large number of suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the school's requirements,
  - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
  - the above methods have resulted in either no or unacceptable tenders,
  - only one or very few suppliers are available,
  - extreme urgency exists,
  - additional deliveries by the existing supplier are justified.

### **Preparation for Tender**

Full consideration should be given to:

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

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

A tender brief must always be prepared and is reviewed by the CEO

### **Invitation to Tender**

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.

An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project

- terms and conditions of tender
- form of response
- dates for decision and work to be delivered

### **Tender Acceptance Procedures**

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

### **Tender Opening Procedures**

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- For contracts up to £50,000 - two of the budget holder, the Operations manager or the Headteacher.
- For contracts over £50,000 - the Operations manager or the Headteacher plus a member of the Trust Audit, Finance and Risk Committee.

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

Contract review should be carried out on an annual basis to ensure the benefits of the agreement is realised and a formal retendering carried out at least once every 5 years to ensure best value.

### **Tendering Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.

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.

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

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

### **Top Slice – Central Services**

The Board will agree the central services that are provided from the top slice. Any additional services not part of the central offer will be invoiced in advance of the period. The percentage of top slice will be agreed by the Board on an annual basis in order to cover the cost of central functions. If any school is dissatisfied with the provision of central services or the percentage taken, this should be addressed directly to the Chief Finance Officer for the Trust whom will immediately report this to both the CEO and Chair of Finance for review.

## **Insurance**

The Trust Audit, Finance and Risk Committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for Trust property when off the premises.

We have opted in to the Department for Education's Risk Protection Arrangement. Alternative insurance will be sought where not covered by the RPA, to ensure that all risks are covered.

The Risk Protection Arrangement does not cover the following and each Local Governing Body must make suitable arrangement of cover if required by the school:

- motor vehicle insurance
- overseas travel insurance - RPA only covers travel in the UK
- work of art insurance
- engineering inspection and insurance - Trusts will need to make their own arrangements for statutory inspections with an authorised body

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

The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

## **Directors & Local Governor Expenses**

All Governors/Directors of this Trust are entitled to claim the actual costs, which they incur as follows:

- childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)
- cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
- the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
- the cost of travel relating only to travel to meetings/training courses at a rate of 45 pence per mile which does not exceed the specified rates for school personnel
- travel and subsistence costs, payable at the current rates specified by the Secretary of State for

the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the any other source

- telephone charges, photocopying, stationery, postage etc.
- any other justifiable allowances

The Trust Board acknowledges that:

- Directors/Local Governors are not be paid attendance allowance
- Directors/Local Governors are not reimbursed for loss of earnings

Directors/Local Governors wishing to make claims under these arrangements, must complete a claim form together with the relevant receipts. The form must be submitted to the Central Team, at Gunthorpe School within two weeks of the date when the costs were incurred, when they will be submitted for approval by the Chair of Trust Audit, Finance and Risk Committee.

Claims will be subject to independent audit and may be investigated by the Chair of Trust Audit, Finance, Risk & People Committee if they appear excessive or inconsistent.

### **Gifts**

Ordinarily gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 are reported to the CEO in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses.

Gifts that have been reported are entered onto the gifts and hospitality register.

The Trust may only give gifts within the approved limits prescribed within the Gift and Hospitality policy of the Trust.

### **Fraud**

The Trust does not tolerate fraud. Where instances of fraud are identified or suspected by any member of staff, the CEO is informed immediately, and they will notify the ESFA in accordance with the requirements of the Academy's Handbook

### **Whistleblowing**

The Trust must have an adequate whistle blowing policy in place approved by Trustees, and also reference raising the issue with the ESFA. Staff must be made aware of the process and how concerns will be managed on an annual basis. Concerns must be responded to in a fair manner. The policy must be published on the Trust website.

### **VAT 126 Form**

The Finance Manager is responsible for submitting the VAT 126 form per month on behalf of the schools within the Trust. The submission is signed off by the CFO.

## **Fixed assets**

### **Asset register**

All items purchased with a value over the school's capitalisation limit of £2,000 must be entered on the fixed asset register with the following details:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

The asset register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts
- support insurance claims in the event of fire, theft, vandalism or other disasters

Examples of items to include on the asset register include:

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

- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment
- Mini buses

### **Depreciation rates**

Assets will be depreciated on a straight-line basis using the following periods according to the asset class:

- |                                    |   |          |
|------------------------------------|---|----------|
| • Building                         | - | 50 years |
| • Computer Equipment               | - | 3 Years  |
| • Fixtures, Fittings and Equipment | - | 8 years  |

### **Security of assets**

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

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

The Operations Manager/Business Officer is responsible for ensuring an annual check of all assets. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the Central Team

### **Disposals**

Disposals, where applicable, are in line with the Academy Trust Handbook.

Items which are to be disposed of by sale or destruction must be authorised for disposal by Headteacher and, where significant, should be sold following competitive tender. The school must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

### **Loan of Assets**

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

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 academy's auditors

## Purchase Limits &amp; Authorisation

Action	Authoriser
<b>Purchase Approval (VAT Inclusive)</b>	
<b>£40000+</b>	<b>AFR&amp;P Committee/TB</b>
<b>£20001 to £40000</b>	<b>CEO</b>
<b>£1001-£20000</b>	<b>CFO/COO</b>
<b>Up to £1000</b>	<b>Finance Manager, HT</b>
<b>Invoice Approval for Payment (VAT Inclusive)</b>	
<b>£5000+</b>	<b>CEO</b>
<b>Up to £5000</b>	<b>CFO/COO</b>
<b>Up to £1000</b>	<b>Finance Manager, HT or delegated budget holder</b>
<b>BACS Approval (VAT Inclusive)</b>	
<b>£5000+</b>	<b>CFO/COO plus one authorised signatory</b>
<b>Up to £5000</b>	<b>CFO/COO</b>



### REGISTER OF GIFTS AND/OR HOSPITALITY

Please record **any** gift or hospitality over the value of £25

Date Gift and/or Hospitality was offered / received	Person / Organisation offering or providing the Gift and/or Hospitality	Brief details of Gift and/or Hospitality offered / received	Estimated or actual value of the Gift and/or Hospitality	Any reasons for accepting the Gift and/or Hospitality

Name of person: .....

Register Checked.....

## Appendix C



### GIFTS AND REWARDS FOR EMPLOYEES

During the tax year shown below, the following employees were provided with gifts and/or rewards, the details of which are set out below:

Tax Year :					
Name of Employee	National Insurance Number	Pay Reference	Date Gift / Reward Provided	Details of Gift / Reward Provided	Value of Gift / Reward Provided

Completed forms should be submitted to Directors of Soke Education Trust **no later than 30<sup>th</sup> April**.

Signed: .....

Designation: .....

Date: .....