



**Financial Procedures Manual**  
**(also known as Finance Policy)**  
**Incorporating the Scheme of Delegation for**  
**Managing Money**  
**2018 - 2019**

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## INTRODUCTION

The purpose of this manual is to ensure that the Trust maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's funding agreement with the Secretary of State.

The Trust must comply with the principles of financial control outlined in the guidance published by the Education and Skills Funding Agency (ESFA) in the Academies Financial Handbook (AFH). This manual expands on that and provides detailed information on the Trust's accounting procedures. The manual should be read by all staff involved with financial systems.

## ORGANISATION

### The Board of Directors

The Directors will manage their affairs in accordance with the high standards as detailed in "Guidance on Codes of Practice for Board Members of Public Bodies" and in line with the Seven Principles of Public Life:

#### Selflessness

Holders of public office should take decisions solely in terms of the public interest.

#### Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

#### Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

#### Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### Openness

Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

#### Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

#### Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## RESPONSIBILITIES

### Introduction

The Trust has 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.

## Trust Board

The Trust's Board of Directors has overall responsibility for the administration of the Trust's finances. The main responsibilities of the Trust Board are prescribed in the Funding Agreement (FA) between the Trust and the Secretary of State (SoS). The main responsibilities include:

- Ensure the grant from the ESFA is used for the purposes intended
- Ensure that funds from sponsors are received according to the FA, and are used for the purposes intended.
- Approval of the annual budget
- Ensure a Scheme of Delegation is in place
- Ensure assets are managed
- Ensure accurate accounting records are maintained
- Ensure the budget monitoring statements are a true and accurate record on income and expenditure

## Finance & General Purposes (F&GP) Committee (Financial Function)

The Trust Board has established an F&GP Committee, which meets once a term, or more frequently if necessary. This Committee is responsible for monitoring and making recommendations to the Trust Board on matters related to funding and finance. The Trust Board has:

- Defined its terms of reference;
- Prescribed the extent of its delegated authority;
- Ensured it receives minutes of the Committee's meetings.

Its main responsibilities include:-

- Preparation of the budget and recommendation to Board;
- Periodic monitoring of actual expenditure and income against budget;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the ESFA guidance issued to academies;
- Consideration of draft accounts and recommendation to Board;
- Financial Policies: Treasury Management.
- Maintenance Plan, Environment/Energy and Health & Safety.

An Audit Committee has been formed and has responsibility to manage risk and check financial controls within the Trust via one of the following options:

- The work of an **internal audit service** (either in-house, bought-in or provided by a sponsor);
- The performance of a supplementary programme of work by the Trust's **external auditor**;
- The work of an '**Internal Audit Officer**' who undertakes a termly visit and provides a report to Directors on their findings and recommendations.

## Role of the F&GP Committee in relation to Finance

The Trust Board have appointed a Finance Director who is a qualified Chartered Accountant, with many years' experience, who will perform the role of Chair of the F&GP Committee. The CEO and TBM will work closely with the Finance Director to ensure complete compliance with the AFH is maintained and robust financial management are in place. The Trust Board has adopted the pro forma terms of reference for an F&GP Committee based in the AFH.

Delegation of responsibilities – the Trust Board shall approve a written scheme of delegation, contained wholly within this document, of its financial powers and duties to its F&GP Committee and to the CEO. The Scheme must satisfy the Trust Board's ultimate responsibility for ensuring that there are adequate operational controls in place for all financial processes within the Academy. This Scheme complements the narrative contained within the main Financial Procedures handbook.

## Role of the Trust's Accounting Officer

Each Trust must designate a named individual as its accounting officer. The individual must be a fit and suitable person for the role. The Chief Executive Officer (CEO) has responsibility, under the Board's guidance, for the Trust's overall management and staffing, including:

- Approving new staff appointments within the authorised establishment, except for any senior posts which the Directors have agreed should be approved by them.
- Authorising contracts in accordance with the delegated authority in conjunction with the Trust Business Manager (TBM).

The CEO's appointment as Accounting Officer confers specific responsibilities for financial matters. In particular, the Accounting Officer is personally responsible to Parliament, and to the Accounting Officer of the ESFA, for the resources under their control, and must be able to assure Parliament and the public of high standards of probity in the management of public funds.

The Accounting Officer is personally responsible to the Trust Board for:

- **Regularity** - dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement and this Handbook, and compliance with internal Trust procedures. This includes spending public money for the purposes intended by Parliament;
- **Propriety** – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance;
- **Value for Money** – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the Trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the Trust but for taxpayers more generally. The Accounting Officer also has responsibilities for keeping proper financial records and accounts, and for the management of opportunities and risks. The Trust Board will also publish an annual Value for Money statement which relates to that particular financial year, this statement will be signed by the Accounting Officer.
- Whilst the Accounting Officer is accountable for the Trust's financial affairs, the delivery of the Trust's detailed accounting processes will be delegated to a Chief Finance Officer, who will perform the role of TBM or equivalent.
- The Accounting Officer must advise the Board of Trustees/Directors in writing if, at any time, in his or her opinion, any action or policy under consideration by them is incompatible with the terms of the Handbook or FA. Similarly, the Accounting Officer must advise the Board in writing if the Board appears to be failing to act where required to do so by the terms and conditions of the Handbook or FA. Where the Board of Trustees is minded to proceed, despite the advice of the Accounting Officer, the Accounting Officer must consider the reasons the Board gives for its decision. If, after considering the reasons given by the Board, the Accounting Officer still considers that the action proposed by the Board is in breach of the Handbook or FA, the Accounting Officer must advise the ESFA's Accounting Officer of the position in writing.

## Specific Financial Tasks Delegated to the CEO

The CEO has delegated responsibility for:

- leading and managing the Trust development plan which is underpinned by sound resource planning, and identifying priorities and targets for ensuring that pupils achieve high standards and make progress, increase teachers' effectiveness and secure improvement of the Trust's performance;
- ensuring that the relevant DfE/ESFA financial regulations/standing orders or DFE/ESFA requirements are implemented; - delegated to Chief Finance Officer
- establishing and maintaining sound internal financial controls which are managed on a daily basis by the TBM;

- ensuring the effective implementation of current financial systems and procedures described in the financial procedures manual; - delegated to TBM
- ensuring that the funds delegated to the Trust are in accordance with their legal entitlement; - delegated to TBM
- ensuring the compilation of draft budgets for the Trust Board and appropriate committees; - delegated to TBM
- ensuring the efficient and effective deployment of the Trust's resources; - delegated to TBM
- Ensuring the production of regular reconciled budget/financial reports to the Trust Board, DfE/ESFA and Companies House as appropriate. – delegated to TBM
- The DfE has emphasised that Accounting Officers MUST adhere to the 'seven principles of public life': selflessness, integrity, objectivity, accountability, openness, honesty and leadership

### **The Role of the TBM**

The TBM is responsible for the following financial duties:

- To fulfil the duties of the Chief Finance Officer according to the guidance in the AFH. These are:
  - the day to day management of financial issues;
  - the management of the Trust's financial position;
  - the maintenance of effective systems of internal control;
  - ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust.
- Providing financial advice to the CEO and Trust Board;
- Preparing and monitoring the agreed budget;
- Ensuring the maintenance of the Trust's accounting records;
- Income generation and recording;
- Reviewing and authorising monthly payroll information;
- Making purchases in accordance with 'best value' principles;
- Developing relationships with partners and exploring opportunities for obtaining support to the Trust;
- Promoting relationships with the local community and potential donors;
- Obtaining appropriate legal advice;
- Ensuring regular communication with the Internal Audit Officer and auditors;
- Maintaining the Trust's accounting records;
- Providing financial advice to the CEO and Trust Board;
- Developing provision to promote 'best value';
- Developing and updating policies as required;
- Liaising with budget holders and providing regular reports with advice where actual financial performance differs from the budget profile;
- Ensuring financial procedures are adhered to at all times;
- Promoting 'best value' principles;
- Ensuring forms and returns are sent to the DfE in line with reporting deadlines.

## REGISTER OF BUSINESS & PECUINARY INTERESTS POLICY

The Trust Board, Governors and members of staff who can influence buying decisions recognise their responsibility to avoid any conflict between their business and personal interests and those of the Trust. The Trust therefore maintains a register of the business interests of each member, director, governor and member of staff with significant financial responsibilities, their relatives and other individuals who may exert influence. The register includes:

- Interests with suppliers from which the Trust may wish to buy goods or services;
- Interests in the appointment, salary, promotion or conditions of service of members of staff.
- Directorships, partnerships and employments with businesses and significant shareholding
- Trusteeships and governorships at other educational institutions and charities

The information in the register is taken into account whenever buying or staffing decisions are made. Any Member, Director, Governor or member of staff who has an interest in a business tendering for a contract does not form part of the committee awarding the contract. Any Member, Director, Governor or member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the committee recommending or deciding these.

Members, Directors, Governors and members of staff are required to inform the Trust of any changes in their interests as these arise so that they can be entered in the register. The register is also updated annually. Nil returns are obtained as appropriate. Any Member, Director, Governor or member of staff who is unwilling to declare their interests or complete a nil return is not permitted to influence a buying or staffing decision. Members, Directors and Governors will publish details of any pecuniary or relevant business interest on the Trust's website.

The minutes of the full Trust Board, F&GP Committee, or any other committee which can influence a buying decision must and will record a standard agenda point seeking updates to Directors' business interests.

The only exception to the requirement to disclose a business interest is that if the interest is so distant or small that no ordinary right-thinking person would expect it to influence a person who might have dealings with the firm concerned. In such cases, it need not be disclosed. An example is a modest shareholding in a large public company even if the Trust has or may have dealings with the company. The register is freely available for inspection by Directors, Governors, staff and parents.

### Receipt of Gifts, Hospitality, Entertainment and Other Services

The Trust Directors have approved a Gifts and Hospitality Policy, which outlines the below procedures. Directors, Governors and members of staff involved in making buying decisions do not accept excessive, frequent or regular gifts, hospitality, entertainment or other services from existing or prospective suppliers.

Employees are permitted to accept gifts, rewards or benefits from members of the public or organisations the Academy has official contacts with only where they are isolated gifts of a trivial character, such as diaries or calendars, to a maximum of £15 only

When considering whether to accept such offers, they consider whether they could affect their independence or cause concern that they might affect their independence. The Trust maintains a register of gifts and favours offered and whether these were accepted or rejected. Directors, Governors and members of staff are required to inform the Trust of such offers as they arise.

### Expenditure on Gifts, Hospitality, Entertainment and Favours

The full Trust Board approves any expenditure on gifts, hospitality, ex-gratia payments and losses to be written off. The Trust maintains a log of these. Such expenditure is only authorised if the Trust Board can demonstrate that they have taken into account the principles of probity, accountability and value for money.



Expenditure on hospitality from public funds is only incurred in the provision of education. Hospitality is generally only provided in the workplace and usually restricted to tea/coffee, biscuits, soft drinks or sandwiches.

#### Private Use

The Trust does not obtain goods or services for the private use of Directors, Governors and members of staff. Directors, Governors and members of staff may not:

- Hold any interest in any equipment or property held or used for the Trust;
- Acquire any interest in the disposal of Trust equipment or property at the end of any contract between the Trust and any third party.

## **The Link Academy Trust Related Parties Declaration**

### **Definitions per FRS 102**

#### **Related Party:-**

A related party is a person or entity that is related to the Academy Trust (in this definition referred to as the 'reporting entity').

(a) A person or a close member of that person's family is a Related Party to the Academy Trust if that person:

- (i) Has control or joint control over the Academy Trust;
- (ii) Has significant influence over the Academy Trust; or
- (iii) Is a member of the key management personnel of the Academy Trust or of a parent of the Academy Trust

(b) An entity is related to the Academy Trust if any of the following conditions applies:

- (i) The entity and the Academy Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a retirement benefit scheme for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a scheme, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

#### **Close family:-**

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

#### **Control:-**

The ability to direct the financial and operating policies of an entity with a view to gaining economic benefits from its activities.

#### **Key management personnel:-**

Those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

**Related party transaction:-**

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

**Definitions per AFH****Connected party:-**

The following persons are considered to be connected parties:

- i) Any member or trustee of the academy trust
- ii) Any individual or organisation connected to a member or trustee of the academy trust, For these purposes the following persons are connected to a member, or trustee:
  - a relative of the member or trustee. A relative is defined as: a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner.
  - an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee.
  - a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company.
  - an organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes.
- iii) Any individual or organisation that is given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or anybody related to such individual or organisation.
- iv) Any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or anybody related to such individual or organisation.

<b>Academy Trust</b> <b>YEAR ENDED 31 August 2018</b>	
Name	
Address	
Job Title	
Other directorships	
Trusteeships	
Shareholdings	
Other interests	
Interests of spouse/domestic partner	
Interests of dependants or domestic partner's dependants	

I confirm that the above is a complete and accurate record of my business and related interests for the year ended 31 August 2018.

These details have been provided in order to assist in the compilation of the related party transaction disclosures in the year end statutory accounts. Where there have been no material transactions with any of my business interests, no disclosure is required.

I will make the TBM aware of any changes with regard to the above.

#### ADDITIONAL AUDIT CONFIRMATIONS

1. Are you aware of any instances of suspected, alleged or actual fraud taking place in the period from 1 September 2017 to date? **YES / NO**
2. Are you aware of any legal action being made against the Academy Trust or where the Academy Trust is pursuing legal action against another party? **YES / NO**
3. Are you aware of any significant events taking place during the period that you feel the auditors should be aware of? **YES / NO**
4. Have you been banned as acting as a Trustee of a charity or a Director of a company during the period from 1 September 2017 to date? **YES / NO**

Signed .....

Date .....

## **AUDIT**

### **Internal Audit Officer**

The Internal Audit Officer (IAO) is appointed by the Board of Directors and provides Directors with an independent oversight of the Academy's financial affairs. The main duties of the IAO are to provide the Board of Directors with independent assurance that:

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

A programme of checks will be agreed with the Directors and the IAO will carry out financial reviews in order to provide the Board of Directors and, indirectly, the DfE with the required assurance.

The IAO will undertake the checks and balances in line with the recommendations shown in Appendix C of the [AFH](#).

General areas for review will cover the following:

- Review that bank reconciliations have been carried out each month
- Review of monthly payroll to ensure that any changes have been appropriately authorised and agreed (refer to F&GP, Remuneration Committee and Senior Management Team (SMT) minutes)
- Check sample orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised.
- Check of sample payments back to invoices, orders and delivery notes to confirm they are bona fide purchases.
- Review a sample of expense claims to ensure the appropriate documentation to support the claim and that the claim is appropriately authorised.
- Review returns to DfE to ensure the information supplied is consistent with the underlying records and internal management reports.
- Carry out spot checks of petty cash balances and supporting vouchers
- Review all major contracts and ensure formal tender procedures exist and are being followed.

### **Public Funds**

The Trust adheres to the external audit regime as outlined in the AFH and as required by Companies House. The programme for external audit is agreed with the external auditor approximately one month before the audit work is carried out.

The CEO must inform the DfE/ESFA and the Trust Board immediately if the following are discovered or suspected:

- Loss or misuse of money;
- Financial irregularities;
- Fraud or theft above £5000 or any unusual or systematic fraud, regardless of value.
- Disclosure for any individual transactions above £5000 must be recorded in annual accounts for each of the following transactions:
  - Gifts made by the Trust
  - Writing off debts and losses
  - Guarantees, letters of comfort or indemnity
  - Special payments – e.g. compensation or ex gratis
  - Acquisition of a freehold of land or buildings
  - Disposal of a freehold of land and buildings

- Disposal of heritage assets
- Taking up a leasehold on land and buildings
- Granting a leasehold on land and buildings

Once approved by the Trust Board, signed and completed, the annual audited accounts must be submitted to the ESFA via the online Document Exchange portal.

## **INSURANCE**

Funds for insurance are delegated to the Trust and it must demonstrate it can cover insurable interests under a policy arranged by the Trust Board.

The F&GP Committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with risks and include cover for Trust property when off the premises.

The main types of insurance cover which are in place are:

- Premises and contents. These should be insured at replacement cost against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks;
- Business interruption;
- Trust Board and employer liability.
- Any statutory motor transport insurance;
- Loss of assets through fraud or dishonesty on the part of employees;
- Personal accident; and
- Fidelity insurance.

Current insurance excess for premises / contents is £500

*Budget Holders must ensure that ALL valuables 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 Academy concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it will be up to the Academy concerned as to whether it is replaced or not.

All losses have to be reported to the Police before a claim can be made against insurance. It will be necessary to give details of purchase and serial numbers etc.

The TBM deals with insurance issues. Details of all insurance policies held by the Trust are kept in the office of the TBM. The insurers are notified of all new risks, property and equipment and vehicles which require insurance or any other alteration affecting existing insurance on a timely basis. The Trust does not give any indemnity to a third party without the written consent of their insurers.

The Trust immediately informs its insurers of all accidents, losses and other incidents, which may give rise to an insurance claim.

Claims under an insurance policy are authorised by the TBM prior to submission to the insurance company.

## **TAXATION**

### **Tax arrangements for senior employees**

The Trust ensures that their senior employees' payroll arrangements fully meet their tax obligations and must comply with HM Treasury's guidance on this matter regarding the employment and contract arrangements of individuals on the avoidance of tax, as set out in the Treasury's Review of the Tax Arrangements of Public Sector Appointees. Failure to comply with

these requirements may result in a fine by HM Treasury, equivalent to five times the amount paid to the employee. The Trust abides by the procedures issued by the Her Majesty's Revenue & Customs (HMRC) in connection with VAT. The Trust abides by the procedures issued by the HMRC.

## **TRUST IMPROVEMENT PLAN AND BUDGETING**

### **Budgeting**

The Trust Board has a three-year Trust improvement plan, which explains how it intends to use its resources to achieve its aims and objectives. The plan is costed for three years. The financial year runs from 1 September – 31 August annually. This takes account of:

- The educational priorities for the Trust;
- Likely demographic changes affecting pupils and staff;
- The building and repair maintenance programme;
- Repair and renewal programmes for furniture, fittings and equipment.

The plan is an integral part of the Trust's self-evaluation cycle and it is reviewed on an annual basis and updated in the light of new information and changed priorities.

The plan is constructed using the following processes:

- an estimation of income, based on the Trust census, lettings and community income;
- an estimation of staffing costs, based on a staff salary calculator taking account of known retirements, responsibility allowances, etc.
- an estimation of operational expenditure, based on known cost trends for utilities, supplies, service level agreements, etc.
- the identification of potential efficiency savings;
- the allocation of curriculum budgets to departments, using a transparent (per pupil and with specific weighting depending on complexity of subject) formula to allocate funds equitably in line with need and Trust priorities;
- an annual review of the Trust's self-evaluation priorities, which forms part of the Ofsted inspection requirements;
- the identification of ICT developments on the basis of priorities detailed in the ICT development plan;
- the identification of premises developments on the basis of priorities detailed in the Premises development plan;
- verifying planned levels of unspent balances - ensuring the resulting annual surplus or deficit is in line with plans to recover from an overall deficit position, or build up unspent balances to fund future development plans.

The annual budget is derived from the Trust development plan. The budgeting process starts at the beginning of the spring term each year. The TBM draws up a draft budget for the following financial year by April and this is submitted to the F&GP Committee for their review, discussion and amendment if appropriate. The budget is then submitted to the full Trust Board for formal review and approval prior to the commencement of the next financial year.

The Trust Board may not set a deficit budget. If an unplanned deficit occurs during the financial year, the Trust notifies the DfE/ESFA as soon as it is aware of this. Draft budgets will be fully discussed with the Trust Board and their requirements actioned as appropriate.

The Trust submits the final agreed budget, together with the assumptions underpinning the budget, to the DfE/ESFA by the specified deadline. The finalised budget must be submitted to the ESFA on the Academies Budget Forecast Report.

The budget can only be amended for virements after it has been approved by the Trust Board and sent to the DfE/ESFA. Budget holders cannot exceed their budget allocation, unless they have the written approval of the CEO.

The F&GP Committee formally monitors the implementation of the Trust's budget on behalf of the Trust Board.

## **REPORTING FINANCIAL RESULTS**

The Trust prepares accounts in the various formats required as specified in the AFH.

### **Budget Monitoring Reports**

The Trust's budget monitoring reports display the following information in columnar format:

- the annual budget (approved by directors);
- the current budget
- the actual spend to date;
- commitments;
- remaining balance/ end-of-year projections.

Monthly reports will be prepared by the TBM. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the CEO and the F&GP Committee.

Any potential overspend against the budget must in the first instance be discussed with the TBM. The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency.

The Heads of School (HoS), Administrators and Chair of F&GP Committee will receive monthly budget monitoring reports from the TBM on current spend against budget and forecast outturn expenditure. Recommendations will be suggested regarding appropriate action to be taken to correct any significant over or under spending and plans formulated for consideration at F&GP Committee.

Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the Trust TBM who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed.

The F&GP Committee will continually monitor the quality of the financial Information presented to the Committee to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

All delegated budget holders **must** receive finance training to enable them to manage their budgets effectively and efficiently. The TBM will deliver this training to Heads of Schools as a minimum, annually.

Limits of Authority are outlined in the Academy's Scheme of Delegation, which is updated each year.

The TBM carries out monthly reviews of actual performance against budget and produces a schedule explaining virements and variances. They also produce a monthly balance sheet. The F&GP Committee reviews these reports.

Budget holders receive termly reports showing budgeted expenditure, actual expenditure on an accruals basis and commitments.



## **CASH FLOW**

The TBM is responsible for preparing cash flow forecasts to ensure that the Trust has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps are taken to invest the extra funds.

## **COMPUTERISED ACCOUNTING SYSTEM**

The TBM will prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This links in with the annual assessment made by Directors of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

The Trust's accounting system is computerised. Access to the system is restricted to the Trust's employees and those authorised by the CEO, such as an outside accountancy or bursarial service. The system is accessed by passwords, which are changed routinely. Passwords are only known by the relevant member of staff and the system manager. Passwords are changed immediately if an employee is aware that an unauthorised person has learnt their password. If an outside provider uses the computerised accounting system, they are given their own user id and password. Software is installed on the Trust's computer systems to detect viruses, spyware, and other malicious threats. Regular updates are used to ensure that the latest threats are detected. There is also a facility for cleaning up infected files.

Three-monthly reviews are carried out by the TBM to ensure that access rights and levels of access are still relevant to the responsibilities of individual users. Access for staff who are no longer employed by the Trust is removed as soon as the staff member leaves.

The system is backed up daily offsite. The Trust complies with the requirements of the Data Protection Act. There must be a clear audit trail for all financial transactions from the original documentation to accounting records.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled. The use of correcting fluid or the erasure of information is not acceptable.

All accounting records including invoices, delivery notes, bank statements etc. are retained in hard copy for seven years, plus the current year, in a secure area.

## **Transaction processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. All journal entries must be authorised by the TBM before being input to the accounting system. A signed and dated printout of the journal is then kept on file. Bank transactions should be input by the TBM, checked, and signed by the Accounting Officer.

The TBM will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed could include

- audit trails;
- Masterfile amendment reports for the payroll, purchase ledger and sales ledger;
- management accounts summarising expenditure and income against budget at budget holder level.

## **Reconciliations**

The TBM is responsible for ensuring that 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;
- all suspense accounts; and
- bank balance per the nominal ledger to the bank statement.

The TBM will sign all reconciliations as evidence of review.

## ANNUAL ACCOUNTS

As a Charitable company the Trust must comply with company law as set out in the Companies Act 2006. This includes a requirement to prepare a Directors' report and financial statement ('annual accounts') and for these to be independently audited by a registered auditor. Financial Statements should be prepared to **31st August each year**. They should include:

- Incoming resources from all sources receivable in the period
- Resources expended on all activities within the period
- All assets and liabilities of the Trust at the balance sheet date
- All cash received and expended within the period
- Notes to the accounts
- Single items in excess of £500 to be processed as accruals and prepayments

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

## AUTHORISED SIGNATORIES LIST

An authorised signatory list, including specimen signatures and covering all the key financial systems, is held in the finance office for reference purposes.

## PAYROLL

The Trust Board formally approves all appointments, terminations and salary levels. They have established procedures to:

- Ensure personnel are competent, suitably qualified and trained to a level consistent with their responsibilities;
- Provide clear statements of criteria for personnel selection;
- Provide formal job descriptions;
- Ensure that the cost of all appointments, regradings and any other changes in conditions of service of staff can be met within the resources available to the Trust.

The CEO maintains a list of staff employed by the Trust and their current salaries, which has been authorised by the Trust Board. The Trust uses the services of a payroll agent and the contract between the Trust and the agent includes:

- Responsibility for making returns to HMRC and the dates by which these returns should be made;
- Details of ownership of programs and data files;
- Responsibilities for the control and accuracy of data;
- Details of authorised signatories for payroll amendments;
- Back up provisions;
- A schedule of reports to be sent to the Trust for financial and personnel monitoring purposes;
- An agreement as to the response time and costs that will be charged for any additional data or reports required by the Trust; and

- Provision for access for Trust staff and auditors.

The payroll agent processes the staff payroll only on the written instructions of the CEO and the TBM. They do not process salary changes authorised by the person whose salary is changing. The Chair of Directors notifies any changes to the CEO salary to the payroll agent via the TBM. The Administrators will maintain personnel files for all members of staff, which include contracts of employment. All personnel changes must be notified, by the HR Officer, to the TBM to enable robust budget monitoring of the salaries budgets.

Payments are made as follows:

- Net payments to staff, by BACS, to employees of the Trust;
- HMRC payments, by the payroll agent, to HMRC;
- Teachers' pensions payments, arranged through the payroll agent;
- LGPS pensions payments, arranged through the payroll agent
- Overtime claims, as part of net payments to staff, through the payroll;
- Expense payments, through the payroll.

Access to personnel files is restricted to the CEO, EP, TBM, Heads of School (HoS) and Senior Administrators. The HR Officer is responsible for keeping the staff personnel database up-to-date via the personnel recording system.

No individual is treated as 'self-employed' without the clearance of HMRC. Monthly Procedures include

- the HR Officer completes standing data amendment forms and summarises overtime worked;
- the HR Officer ensures that expenses incurred and overtime have been validated and appropriately authorised. Claims are not returned to claimants after this check has been carried out;
- the HR Officer ensures these checks have been carried out and inputs pay claims for additional hours etc. directly into the online payroll system for payment at the end of each calendar month
- the TBM checks the payroll printout received from the payroll agent to ensure that it is only paying its own staff at the correct rates;
- the TBM authorises the payroll agent in writing to make the salary payments;
- a monthly print-out of amounts paid to employees is retained by the Trust and initialled by the TBM as evidence of the checking and authorisation procedure;
- the TBM checks gross pay as per the payroll to personnel records annually.

Approved mileage rates

	First 10,000 business miles in the tax year	Each business mile over 10,000 in the tax year
Cars and Vans	45p	25p
Motor cycles	24p	24p
Bicycles	20p	20p
Passenger payments - cars and vans	5p per passenger per business mile for carrying fellow employees in a car or van on journeys which are also work journeys for them. Only payments specifically for carrying passengers count and there is no relief if you receive less than 5p or nothing at all.	

## Meals and Subsistence Rates

Breakfast	£5 - maximum claim	Irregular starter before 6am. This rate does not apply if employee regularly leaves home before 6am.
One meal rate	£5 – maximum claim	Where an employee is away from the normal place of work for a period of more than five hours.
Two meals rate	£10 – maximum claim	Where an employee is away from the normal place of work for a period of more than ten hours.
Late evening meal	£10 – maximum claim	Irregular late finisher – where an employee is away from the normal place of work outside of their normal working hours and after 8pm.
Only a maximum of three meals can be reimbursed per day. Alcohol cannot be purchased within the allowance.		
<b>Overnight stays</b>		
Accommodation will be reimbursed for overnight stays where it is impractical for a day return or where the overnight stay represents better value for money. Reimbursements will be made when presented with a valid VAT receipt.		
Bed and Breakfast outside of London (M25)	£65 – Maximum payment	
Bed and Breakfast within London/M25 boundaries	£85 – Maximum payment	

## Failure to the Payroll System

Monthly salary payments are transmitted via the payroll agent (currently Devon County Council). The transmission to bank takes place at least 5 working days before the payment date. Therefore the Trust should be aware of any difficulties at least 5 working days in advance, thus minimising risk.

The Trust's bank has been consulted regarding a possible failure to the payroll system or the usual method of transmission. In the event that pay details could not be transmitted to the bank via the usual system, the payroll database would be emailed directly to the bank and the content checked via telephone. The bank would arrange payments directly.

In the event of total IT failure at the Trust, payments would be discussed directly by telephone with the payroll agent. The payroll provider has reciprocal arrangements in place with external payroll agencies. In the event of total failure either CHAPS or cheques would be used.

## Monitoring of the salaries budgets

The HR Officer will undertake a monthly reconciliation between the current month's and previous month's gross salary advising the TBM of any variance.

At least twice a year the TBM and HR Officer will check each member of staff's gross pay against the payroll system to the contract of employment.

## Value for Money (VFM) & Best Value

VFM /Best Value is a statutory duty to deliver services to:

- Clear standards, covering both cost and quality
- By the most effective and efficient means available

In relation to expenditure from delegated budgets, the main features of VFM / Best Value can be summarised as a need for the Trust Board to ensure:

- (a) The existence of a programme of performance review which will aim for continual improvement. The review should include:
  - challenging how and why a service is provided (including consideration of alternative providers)
  - comparison of performance against other academies and schools taking into account the view of parents and pupils
  - mechanisms to consult stakeholders, especially parents and pupils;
  - embracing competition as a means of securing efficient and effective services.
- (b) The development of a framework of performance indicators and targets which will provide a clear, practical expression of the Trust's/a school's performance, taking national requirements into account.
- (c) That the following may be included in Academy development plans:
  - a summary of objectives and strategy for the future
  - forward targets on an annual and longer term basis
  - description of the means by which performance targets will be achieved
  - a report on current performance
- (d) That internal and external audit takes place ensuring that performance information is scrutinised. The Auditor's oversight of Trust finance provides external review.
- (e) Value for Money Statement The Trust's Accounting Officer is required to complete and sign a short statement each year explaining how the Trust has secured value for money. This must be sent to the ESFA and be published on the Trust's website. It will also be placed on the DfE's website. Additionally the VFM statement now forms an official part of the audited annual accounts and must be incorporated within those accounts.

For quotes and tenders, the following limits will apply unless *the purchase forms part of an existing contract*:

- At least two competitive quotations will be obtained for all purchases over £500 and up to £4,999. Written details of quotations obtained should be prepared and retained for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before the purchase decision has been made.
- At least three written quotations will be obtained for all purchases over £5,000 and up to £74,999. Written details of quotations obtained should be prepared and retained for audit purposes.
- All goods and services ordered with a value of over £75,000, or for a series of contracts, which total over £75,000 must be subject to formal tendering procedures.

## **Purchasing**

The Trust Board makes their buying decisions in accordance with the principles of 'best value' probity and accountability. Contracts are placed on a competitive basis and the reasons for selecting a supplier are minuted. Divisible contracts are prohibited.

The Health and Safety competence of contractors is assessed, taking into account the policies and procedures of the DfE/ESFA.

Orders from one source of supply - Where it is considered that there is only one source of supply the Heads of Schools must satisfy themselves that competition is not possible and keep a record of details in support of the order.

## Tendering

Market knowledge, experience and discretion will be used, for example a straight forward purchase of 100 computers or simple capital/maintenance works to refurbish suspended ceilings would not need to be subject to a full tender if a variety of quotes have been gained and best value has been attained. Contracts covering a number of academic years, e.g. cleaning, photocopier leasing would always be put out to official tender.

The Trust advertises throughout the member states of the European Community where there is a legal requirement to do so, currently £164,176 (supplies), £164,176 (services) & £4,104,394 (works) per contract. Orders over the EC tender limit, a single order or a period over 48 months must be advertised in the [Official Journal of the European Union](#) (OJEU).

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

The following tendering procedures are followed:

- The TBM prepares a specification, which is authorised by the CEO and sent to at least four suppliers;
- The invitations to tender include:
  - An introduction/background to the project;
  - The scope and objectives of the project;
  - Any technical requirements;
  - Implementation details for the project;
  - The terms and conditions of the tender;
  - The form and date of response to the Trust.

The use of brand names is avoided and, where appropriate, a European or British Standard or other quality guideline is sought. Reference is made to appropriate safety standards and fire and health and safety regulations.

- All replies are addressed to the TBM or other named member of Trust leadership team, in a plain sealed envelope marked 'Tender';
- No supplier is allowed to amend their tender after the fixed date for receipt;
- All tenders are opened at the same time by staff authorised to do so. Two senior members of staff should be present for the opening of tenders as follows:
  - For contracts up to £5,000 the CEO and the TBM
  - For contracts over £5,000 the TBM and a member of the F&GP Committee
- The following information is recorded:
  - the date and time of opening;
  - the names and signatures of those present;
  - the value of each tender;
  - details of suppliers who declined the invitation, or failed to submit a tender;
  - any omissions in the submission, e.g. documents, signatures, missing data;
- Late tenders are rejected and retained unopened until the contract is awarded. They are then returned to the tenderer with an explanatory note;
- Where contracts under seal provide for payments to be made in instalments, the CEO ensures a contract register is maintained which shows the state of the account on each contract together with related professional fees and other payments;

- The F&GP Committee makes recommendations as to which tender to accept. The decision as to which tender to accept is made by the full Trust Board;
- The reasons for accepting a particular tender are in accordance with the Trust's best value policy;
- The following points are considered when deciding which tender to accept:
  - suppliers;
    - qualifications, technical ability and experience;
    - pre-sales demonstrations;
    - after sales service;
    - quality procedures;
    - references from existing customers;
    - financial status;
    - professional indemnity insurance;
  - cost;
    - overall price;
    - unit price for parts of the product or service;
    - the possibility of 'hidden costs';
    - scope for negotiation.

Where the Trust decides to undertake a tender using a Government approved Framework Contract, e.g. ESPO approved framework for Photocopiers or cleaning then Directors will abide by the agreed tender process as set out in the framework document even if this differs slightly from the Trust's own tender/purchasing process.

The Chair of the Trust Board can decide to accept late tenders once satisfied that appropriate criteria are applied and special circumstances have prevailed. The tendering supplier must have asked for a tender extension with at least 48 hours notification prior to the original deadline – the amended deadline date will be offered to all other tendering suppliers. Any deadline extensions are unlikely to exceed more than 48 hours.

The evaluation process should involve at least two people. Those involved should disclose all interests, which may influence their objectivity. Those involved must take care not to accept gifts or hospitality from potential suppliers. Full records should be kept of all criteria used for evaluation and for contracts over £5,000; a report should be prepared to the F&GP Committee. The accepted tender should be one that is economically most advantageous.

## **Quotations**

Quotations are obtained as follows:

The Trust Board's decision, on 10 October 2016, was to change the threshold requirements for obtaining quotations

- Purchases over £500 and up to £5,000 – two written quotations.
- Purchases over £5,000 and up to £75,000 – three written quotations.

The lowest quotation should normally be accepted if the required quantity and specification has been met. Where it is NOT considered to be in the best interest of the Trust to accept the lowest quote, the CEO should consult the Chair of the F&GP Committee - reasons should be given and it must be clearly minuted at the next meeting of the F&GP Committee.

## **Purchase Orders**

Computerised, pre-numbered orders are used for all goods and services and all orders are placed through the individual Academy administrators.

Orders are only made by telephone in exceptional circumstances and then confirmed in writing, by issuing an official purchase order. A copy of any spoiled/cancelled order is retained on the computer, and marked as such. Official Trust orders are not generated for the private use of individuals.

## **The Ordering Process**

- The budget holder raises and signs a requisition form stating the number of items and price of the order to be raised;
- Orders must bear the signature of the HoS, however, when the value exceeds £300 they must be forwarded to the Trust Finance Office where the TBM will check to ensure adequate budgetary provision exists before countersigning.
- Where the value of an order is over £500, the requisition must demonstrate Value for Money, the specification and appropriate number of quotes.
- The budget holder sends the requisition to the Finance Officer who checks that the budget holder has sufficient funds for the purchase;
- The Finance Officer generates the order on the computer system;
- The Finance Officer signs the “entered by” section on the order requisition form;
- The TBM approves the order on the requisition form before it is dispatched;
- The Finance Officer distributes the order/number to the supplier and files the paperwork;
- The computer records all orders placed that have not yet been invoiced. The Finance Officer provides a list of orders to the relevant budget holders on request;
- Cancelled orders are marked as such, with the reason for cancellation, and retained for audit purposes.

## **Receipt of Goods**

- All goods received are delivered to the budget holder who carries out a prima facie check to ensure that the delivery is complete;
- If the delivery is only partly fulfilling an order, the administrators maintain a record of this;
- The administrator follows up any shortages or defective items with the supplier;
- The administrator records shortages or defective items in a central goods returned file.

## **Purchase Invoices**

- The academy administrator signs the invoice as proof of receipt and passes to the finance office
- The finance assistant records invoices on the computer as soon as they are received by the Trust;
- The finance assistant grid stamps the invoice
- The finance assistant checks the invoice against the order and delivery note and evidences this on the grid stamp.



## **Payment of Invoices**

The TBM reviews the creditors' ledger regularly and selects invoices for payment.

It is the policy of the Trust to pay all invoices by the due date and to take advantage of any discounts available for early settlement where this is to the Trust's advantage. All payments will be made via BACS.

Invoices are paid within 30 days unless they are disputed.

Payment is made when the TBM has made the following checks:

- The purchase is recorded on the purchase ledger;
- The purchase represents valid Trust expenditure;
- Goods or services were ordered using the Trust's ordering policy;
- Goods or services have been received and checked to the order and delivery note;
- Payment has not already been made;
- Prices agree with quotations, tenders, contracts or catalogue prices;
- The arithmetic on the invoice is correct;
- The invoice has been correctly coded;
- Discounts have been taken where applicable;
- VAT is properly accounted for and not claimed on pro-forma invoices.

The finance assistant completes the relevant sections of the grid stamp. The Finance Officer authorises payment, ensuring all of the Trust's procedures have been followed.

## **Cheque/BACS payment**

All supporting documentation is passed to the Accounting Officer together with the BACS slips for signing. The BACS signatories initial the invoices they have seen as a record to show that they were signing for valid Trust expenditure and that the relevant pre-checking process had been carried out by the finance office. After the payment has occurred the order requisition form, invoice and any important documentation is scanned into the finance system, all paperwork is then disposed of appropriately.

## **Credit Notes**

Credit notes are attached to the relevant invoices when they are received.

## **Completeness of Supplier Balances**

Invoices and credit notes are posted to the computer as soon as the Trust receives them.

The Finance Officer reconciles individual supplier balances to supplier statements, where available, on a monthly basis.

## **Controls over Expenditure**

Individual budget holders are able to authorise for goods and services bought from within their budget. Final decisions regarding purchase suitability are at the discretion of the TBM.

## **Novel and Contentious Transactions**

Novel and contentious payments must always be referred to the ESFA for explicit prior authorisation. These are payments in which the Trust has no experience or which are outside of normal business activity.

## **Virements**

Virements (internal transfers) within the agreed budget, may be authorised by the TBM and these must be reported to the F&GP Committee. For virements over £10,000 and up to £30,000,

consultation is required with the CEO and agreement sought from the F&GP Committee who may authorise any virement of funds from the contingency. If the necessary virement exceeds £30,000 then the full Trust Board must authorise the virement.

### **Budget Holders**

Budget holders are informed of the budget available to them at least one month before the start of the financial year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget is supplied to each budget holder at the end of each term and budget holders are encouraged to keep their own records of orders placed but not paid for.

### **Income**

The Trust Board has overall responsibility for ensuring that all income due to the Trust is properly accounted for; daily responsibility for this is delegated to the TBM. Income, including valuations for donated services and gifts in kind, is accounted for in accordance with the requirements set out in the AFH.

Receipts are given for all amounts of non-grant income, including transfers between staff.

### **Controls over Incoming Funds**

#### **Fund-Raising Events**

Records are maintained for each fund-raising event, in sufficient detail to identify gross receipts and how they have arisen, and all costs incurred. For all events for which there is ticket income or gate money, reasonableness checks are carried out to ensure the takings equate to the number of tickets issued multiplied by the price per ticket.

Similar records are maintained for sponsored events.

#### **The Gift Aid Scheme – if used**

To ensure that the charity receives all the money to which it is entitled, the Finance Director and TBM:

- make regular checks against records to ensure that expected amounts have been received from the donor;
- ensure that in the case of Gift Aid donations from individuals, the tax reclaimable has been obtained from HMRC;
- are careful not to over claim tax repayments.

#### **Letting of Trust Facilities**

All lettings are subject to a letting agreement, setting out the terms and conditions of the Trust Lettings policy, including the agreed charge.

The Trust Board, on the recommendation of the F&GP Committee, approves letting rates. Free use and charges below economic cost are not permitted, with the exception of agreed social and community use where the free use benefits the whole of the local school community.

- All hiring of Trust equipment and facilities is recorded on the letting planner kept by the Administrators and in a lettings diary;
- The lettings diary and the letting planner are reviewed by the TBM on a monthly basis to ensure that all lettings have been invoiced;
- When a letting is booked the hirer completes a hire form;
- The administrator generates sales invoices from the financial system;
- All monies are received at the end of each term;
- The administrator collects the cash and banks all receipts intact;

- The Trust ensures that relevant insurance is in place for each letting.

### **Trust Trips/Educational Visits**

A lead teacher must be appointed for each trip to take responsibility for the budgeting of the trip and, as part of the process, an estimated costings form is to be completed to assess the necessary voluntary contribution from each pupil. Once completed it must be signed as authorised by the HoS. A copy of the trips costing form will then be attached to any purchase orders raised.

Letters are sent to parents requesting payment for their contributions. The letter will also include a sentence explaining what happens in the event that any surplus is raised.

All monies received for trips are paid to the Administrator who collects the cash. The Administrator is responsible for keeping adequate records of income and expenditure on a class list/cash collection sheet. A separate cash collection sheet is maintained for each trip/educational visit. The administrator is responsible for chasing the outstanding amounts.

All receipts are banked intact.

The Administrator prepares a final income and expenditure account for each trip which has taken place and reports these to the TBM who ensures that money collected and expended for each trip is in accordance with the Trust's Charging & Remissions policy.

### **Small items of Expenditure**

Reimbursement via BACS payment will not be made without receipts and signed authorisation. The TBM may authorise an increase in this limit to £100 in special circumstances. VAT receipts will be obtained for purchases where appropriate.

### **Debtors**

All preschool bookings are to be paid for in advance and prior to taking up a place. The booking is a commitment to the Trust for a set period and is to be paid in full, partial refunds will not be made regardless of absences.

School meal debts are to be settled in full each week and, in the event that a debt exists greater than the value of one week's of school meals, the service will be withdrawn until the debt is settled.

The Trust will not allow a debt of more than £50 to be accrued unless in exceptional circumstances. School administrators will be responsible for monitoring this and advising the TBM.

Debts under £100 may be written off by the TBM.

Debts in excess of £100 may be written off only with the approval of the F&GP Committee.

Debts above the level as detailed in the funding agreement must be submitted to DfE for approval to be written off.

### **Liabilities & Write offs**

The policy of the Trust Board is to ensure that all practicable steps are taken to recover money due to the Trust. The Trust Board aims to minimise the number of instances that credit is given and to take prompt and appropriate recovery action in respect of unpaid debts.

The Trust may perform the following financial transactions up to the limits set out below:

1. Writing off debts and losses (including any uncollected fines); entering into guarantees, indemnities or letters of comfort (excluding those relating to borrowing by the individual Academy).

The limits are:

2. 1% of total annual income or £45,000, whichever is smaller, per single transaction. (Grant income is based on the figure in the last set of audited accounts.)
3. Cumulatively (transaction categories are writing off debts and losses, guarantees, indemnities and letters of comfort).
4. 2.5% of total annual income in any one financial year per category of transaction for any academies that have not submitted timely, unqualified financial returns for the previous two financial years.
5. 5% of total annual income in any one financial year per category of transaction for any academies that have submitted timely, unqualified financial returns for the previous two financial years.

Beyond these limits the school must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction.

### **Procedure**

Complete all documentation relevant to the goods or service being provided, e.g. lettings application form, etc. Where possible obtain payment in advance of the goods or services being provided. Invoices should be issued as soon as is practicable – music tuition is paid in advance at the beginning of each school term, lettings are either paid in advance or, where the letting is above 10 weeks, invoiced at each half term.

Monitor outstanding debts regularly (at least monthly) using the Aged Debtors reports. After 30 days, issue first reminder. After a further 14 days, issue second and final reminder

Authority to write off unpaid debts as follows:

Up to £100            TBM

£100 - £1,000      F&GP Committee

Over £1,000 up to maximum allowable under points 2 – 5 above -Full Trust Board and/or refer to debt collecting agency

Over Maximum allowable – refer to ESFA for approval prior to writing off debt

If a debt remains unrecoverable after one year, or if, during the year, it becomes clear that the debt will remain unpaid, the TBM submits a report to the Trust Board for approval to write off the debt. Bad debts are only written off when the Trust has followed all possible procedures to ensure their recovery.

### **BANK AND CASH**

#### **Bank Facilities**

Only the Trust Board can authorise the opening or closing of bank accounts.

The Trust ensures that all transactions on its bank accounts comply with DfE/ESFA regulations and with relevant, current accounting instructions and procedures issued by the DfE/ESFA.

The Trust does not overdraw its bank account or arrange with its bankers for overdrafts, loans or any other form of credit or deferred purchases. The bank has been informed that the Trust is not allowed to borrow funds and that no account should be allowed to become overdrawn. The Trust

does not offer any security to the bank. All funds surplus to immediate requirements are invested in accordance with the Trust Board's investment policy.

The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds are subject to the same level of control.

### **Bank Reconciliations**

All bank accounts are reconciled on a monthly basis by the Finance Officer and TBM with the CEO reviewing all reconciliations, signing them as evidence of review.

### **Cash Banking**

Cash and cheques are locked in a secure place prior to banking to safeguard against loss or theft. All cash is banked intact, without delay and recorded on paying-in slips. Bank paying-in slips show the split of cash and cheques and reference cheques to the related debt. Cheques are identifiable by reference to the receipt numbers and names of the drawers and cash by reference to receipt numbers.

The Academy Administrators bank all cash and cheques. Where unusually high levels of cash are received these are banked on the day of receipt. Unbanked receipts are kept in a safe to safeguard against loss or theft. In no circumstances do cash holdings on the Trust premises exceed the insured limit.

### **Credit Cards**

The following procedures apply for the use of a charge and credit card system:

- The Trust's card will be charged to the Trust budget account and can only be used for specific purposes;
- Authorised users are established as approved by the CEO; the F&GP Committee is advised of card holders' identities.
- On return of the card, details of the purchases are obtained together with the date of return. These details are signed by the budget holder and the TBM;
- Sales vouchers, invoices and requisition forms are checked by the TBM against the amounts entered and reconciled with the bank statements and credit card statements;
- The expenses are posted to the relevant accounts;
- The balance on the card is to be paid in full each month by direct debit.

### **Keys Inventory**

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

## **FIXED ASSETS**

### **Asset Register**

The TBM maintains the asset register. The Trust includes details of all assets with a cost greater than £500 and 'attractive' items below that value, in the asset register. The register records:

- asset description;
- asset number;
- serial number;
- date of acquisition;
- asset cost;
- expected useful economic life;
- depreciation;

- current book value;
- location;
- name of Faculty responsible for the asset;
- Directors have requested that the asset register will also contain details of a 'standard' classroom cost – i.e. 30 tables and chairs, electronic whiteboard, shelving & file cabinets, book and stationery stock etc.

Items used by the Trust but owned by others are included, with a note of ownership. Leased items are identified as such with the termination date of the lease.

The TBM checks that the asset register has been maintained twice annually. Any discrepancies are investigated and reported to the CEO who informs the Trust Board of the loss and any known reason for this. The insurers are notified as appropriate.

Any assets removed from the Trust site are recorded in a loan book.

The length of time the asset will be off site is recorded together with the appropriate authority. The appropriate authority is the TBM, who will check that assets will be insured before they are removed from the Trust. No assets are removed from the Trust for a period of time, which would unreasonably deny the Trust use of those assets.

### **Asset Sales, Leases and Tenancy Agreements**

- The Trust must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following transactions:
- acquiring a freehold on land or buildings;
- disposing of a freehold on land or buildings; and
- disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

### **Disposal of Assets**

The Trust may **dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above)** without the approval of the Secretary of State. Items which are no longer required by the individual Academy, but are still useable and could be offered for sale, should be referred to the TBM/CEO or designate for authorisation for sale. (N.B. This does not include leased equipment).

- Up to £1000 – CEO or TBM may decide
- Residual Value over £1000 – refer to F&GP Committee
- The asset register should then be amended accordingly

The Trust may agree to give assets, bought for a proper purpose but which are no longer needed, to a charity, up to a maximum value of £1,000 per single donation. The value is calculated as the greater of the written down or market value.

The Trust must seek the approval of the DfE/ESFA in writing if it proposes to dispose of an asset, or group of assets, for which capital grant in excess of £20,000 was paid.

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.

The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Trust assets. If the sale proceeds are not reinvested then the Trust must repay to the DfE/ESFA a proportion of the sale proceeds.

All disposals of land must be agreed in advance with the SoS. The following records are kept for disposals:

- the item disposed of;
- the date of disposal;
- the method of disposal;
- the proceeds of sale or how disposed of if scrapped;
- the person authorising the disposal.

No item is sold, leased or hired to a third party without the approval of the TBM.

### **Losses**

All losses are reported to the TBM, who informs the Police if the loss is a result of burglary or theft and the insurance company is informed at the same time. Action is taken immediately to prevent further loss.

The TBM maintains a record of losses and insurance monies received. The Trust Board is informed of all losses.

### **Leasing**

Trusts must seek and obtain prior written approval from the SoS, via the ESFA, for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years; and
- granting a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than five years.

Trusts may **take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above)**, without the Secretary of State's approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require the Secretary of State's approval. Leases should be disclosed in Trust's annual accounts in accordance with the Academies Accounts Direction.

If a Trust does wish to enter into a lease that requires the Secretary of State's consent, then the Trust will need to contact the ESFA in the first instance. Trusts must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the Secretary of State is required.

### **Borrowing**

The Academy must seek the SoS approval for:

- Short-term borrowing, including overdraft facilities.
- Medium/longer term loans, including finance leases, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies.

## **INVESTMENTS**

Investments are made only in accordance with written procedures approved by the Trust Board who will ensure that investment risk is properly managed. Detailed guidance and investment controls can be found in the Trust's Investment Policy. 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.

Investments will be undertaken only through the Trust's nominated bank and any investments involving risk of any kind will not be either considered or undertaken.

### **Staff Severance Payments and Compensation Payments**

Special staff severance payments are paid to employees outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract.

If the Trust is considering making a staff severance payment above the statutory or contractual entitlements, it must consider the following issues:

- That trustees reasonably consider the proposed payment to be in the interests of the Trust
- Whether such a payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement.
- If the settlement is justified, the Trust would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances.
- Special staff severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an Employment Tribunal claim. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures.

**Compensation payments** are different to severance payments. Compensation payments are made to provide redress for personal injuries, traffic accidents, damage to property etc. If a Trust is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved.

It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of control systems, and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.

Trusts can self-approve individual special staff severance payments and compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering making a special staff severance payment or compensation payment exceeding the statutory/contractual entitlement by £50,000 or more, prior approval must be sought from HM Treasury (HMT), via the ESFA, for the non-statutory/non-contractual element. The Trust in this situation should contact the ESFA at the earliest opportunity to discuss.

For the avoidance of doubt, the following examples illustrate where HMT approval would be required:

- Statutory/contractual payment of £40k + enhancement (non-contractual/non-statutory) of £20k = HMT approval not required;
- Statutory/contractual payment of £60k + enhancement (non-contractual/non-statutory) of £20k = HMT approval not required; and
- Statutory/contractual payment of £60k + enhancement (non-contractual/non-statutory) of £50k = HMT approval required for the £50k enhancement only.



## **Self-Assessment of management and Governance**

The Board of Directors and the TBM will ensure that annually a self-assessment is undertaken in order to provide the ESFA with an annual assurance on the adequacy of the Trust's arrangements for financial management and governance.

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

This manual is reviewed by the F&GP Committee on a 3-yearly cycle and must be approved by the Board of Directors.

**Approved by the Board of Directors: 8 October 2018**

<p align="center"><b>Scheme of Delegation Managing Money</b></p>
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Authorising order for goods and services and authorising payments

Position	Name	Limit/Restriction
CEO	Nicky Dunford	£5,000
Heads of School	As nominated	£300
TBM	M Matthew	£3,000

Input of data onto school's computerised finance package

Position	Name	Limit/Restriction
TBM	M Matthew	No restriction
Finance Officer	M Adams	No restriction
Finance Assistant	T Jeffery	Limited
Senior Administrator	P Jessep	Limited
Senior Administrator	T Russell	Limited
Administrator – Bearnese	J Hayes	Limited
Administrator – Diptford	R Vickers	Limited
Administrator – Harbertonford	V Rawlings	Limited
Administrator – Hennock	S Stansfield	Limited
Administrator – Stoke Gabriel	L Sage	Limited

Authorisation of travel/Subsistence Claims

Position	Name	Limit/Restriction
TBM	M Matthew	£500
CEO	N Dunford	£500
Heads of School	As nominated	£50
Chair of Directors/Finance	Isabel Cherrett/Roy Gillard	In excess of £500

Authorisation to certify Payroll input documents

Position	Name	Limit/Restriction
CEO	N Dunford	No restrictions
TBM	M Matthew	No restrictions

Authorisation to write-off bad debts

Position	Name	Limit/ Restriction
TBM	M Matthew	£500
F&GP Committee	As nominated	In excess of £500
Secretary of State		Detailed in funding letter

Completion of VAT returns

Position	Name	Limit/ Restriction
TBM	M Matthew	No Restriction
Finance Office	M Adams	No Restriction

#### Authorisation of VAT returns

Position	Name	Limit/ Restriction
CEO	N Dunford	No restriction

#### Authorisation to make virements between cost centres

Position	Name	Limit/ Restriction
TBM	M Matthew	No restriction

#### Authorisation of small items of expenditure

Position	Name	Limit/ Restriction
CEO	N Dunford	£1000
TBM	M Matthew	£500

#### Authorisation of business charge card

Position	Name	Limit/ Restriction
CEO	N Dunford	£5,000
TBM	M Matthew	£3,000
Finance Director	R Gillard	No Restrictions

#### Contracts and Tendering

##### Authorised person to enter into contracts under £5,000 according to the Scheme of Delegation

Position	Name	Limit/ Restriction
CEO	N Dunford	£5,000

##### Authorised signatory of contracts over £5,000 according to the Scheme of Delegation

Position	Name	Limit/ Restriction
Chair of Directors	I Cherrett	Unlimited (subject to approval by the F&GP Committee)
Chair of F&GP Committee	R Gillard	As above

#### Capital Projects

All projects over £3,000 in respect of school budget share

Position	Name	Limit/ Restriction
Chair of F&GP Committee	R Gillard	As above

**NB. One off approval for an agreed limit without requiring individual approval can be sought at the beginning of the financial year.**

#### Disposals

Position	Name	Limit/Restriction
CEO	N Dunford	Items under £20,000
DfE	Named link officer at the ESFA	Items over £20,000

## ESFA Compliance

### The Link Academy Trust will:

- Seek ESFA prior approval on those transactions set out in the handbook if the academy trust is subject to a Financial Notice to Improve
- Notify ESFA of any instances of **fraud or theft** where the value exceeds £5000, individually or cumulatively, or of any value where the fraud is unusual or systematic
- Notify ESFA via Information Exchange within 14 days of the **vacating or filling** of the positions of chair of trustees, accounting officer and chief financial officer, and **appointment** of all trustees and members
- Notify ESFA if the board of trustees formally proposes to set a **deficit revenue budget** for the current financial year which it is unable to address, after unspent funds from previous years are taken into account
- Refer any **novel** and/or **contentious transaction** to ESFA for explicit prior authorisation
- Obtain ESFA's prior approval for **writing off debts and losses**, and entering into **guarantees, letters of comfort and indemnities** beyond limits specified in the handbook
- Consider the requirements of the handbook, in respect of **staff severance** payments
- Consider when making a **compensation payment**, whether the proposed payment is based on a careful appraisal of the facts, including legal advice, and that value for money will be achieved.
- Obtain ESFA's prior approval for the **non-contractual/non-statutory element of a staff severance payment**, or **compensation payment**, of **£50,000** or more
- Obtain ESFA's prior approval for **ex-gratia payments** of any value
- Obtain ESFA's prior approval, before entering into the **acquisition and disposal of fixed assets** beyond limits specified by the handbook
- Ensure a **lease arrangement**, or **disposal**, achieves the **best price** that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money
- Obtain ESFA's prior approval before entering into **lease arrangements** beyond limits specified in the handbook
- Ensure there are **no payments to any trustee** unless such payment is permitted by the Articles and complies with the terms of any relevant agreement with the SoS
- Obtain the Charity Commission's prior approval for **paying a trustee for acting as a trustee**
- Not **pool PFI** funding across a multi-academy trust
- Have due regard to the funding needs of their individual academies if multi-academy trusts **pool GAG**, and to the appeals mechanism in place