



# FINANCIAL PROCEDURES MANUAL

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## **1. INTRODUCTION**

The purpose of this manual is to ensure that Hasmonean Multi-Academy Trust (“the Trust”) maintains and develops systems of financial control which comply with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the funding agreement with the Secretary of State for Education.

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). The AFH is subject to regular updates and the Trust will take these into account as and when they arise. This manual expands on that and provides detailed information on the Trust’s accounting procedures. All staff involved with financial systems should read the manual.

This manual is not intended as a replacement for the AFH 2019 or later versions and will be read and followed in conjunction with the current version of the AFH.

## **2. RESPONSIBILITIES**

The Trust has defined the responsibilities of each Board, committee or person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for local governors and staff.

### **2.1 Local Governing Body**

The members of the Local Governing body are required to

- Ensure compliance with legal obligations.
- Report on the Trust’s activities.
- Fulfil the charitable object of the charity as set out in the articles of association.
- Comply with the rules of the charity, as set out in the articles of association.
- Act with integrity and avoid any personal conflicts of interest and exercise independent judgement
- Not misuse charity funds or assets.
- Exercise reasonable care and skill, using personal knowledge and experience to ensure the charity is well run and efficient.
- Act responsibly, obtaining advice from others, including professional advisers, where appropriate.

In addition trusts are companies limited by guarantee and exempt charities. The board of Local Governors are subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them.

### **2.2 Finance and Premises Committee (called the Finance Committee)**

The Board of Local Governors have established a Finance and Premises Committee to undertake a range of delegated tasks to ensure the financial compliance of the Trust:

- Set and monitor the school’s budget.
- Submit the budget to the ESFA in the form they require by the specified date.
- Notify the ESFA of significant changes to the budget.

- Comply with the ESFA’s requirement to obtain its permission before entering into certain transactions (see Appendix 1).
- Have in place:
  - Sound internal control procedures
  - Risk management procedures
  - Adequate insurance cover
  - A business continuity plan
- Approve the school’s accounting policies.
- Ensure the school maintains full and accurate accounting records.
- Ensure the school prepares accrual accounts so that it gives a true and fair view of its use of resources.
- Appoint a registered auditor, avoiding conflicts of interest.
- Prepare annual financial statements.

### **2.3 Audit Sub-Committee**

From the Academies Financial Handbook

*“The academy trust must establish a committee, appointed by the board of trustees, to provide assurance to the board over the suitability of, and compliance with, its financial systems and operational controls, and to ensure that risks are being adequately identified and managed.”*

In order to discharge its responsibilities for internal scrutiny of its financial transactions, processes and procedures, the Local Governors have established (under the guidance of the Finance and Premises Committee) an Audit Sub-Committee to provide assurance over the suitability of, and compliance with, its financial systems and operational controls. In order to deliver objective and independent assurance and opinions, no paid Staff are members of the committee, though paid Staff can be asked to provide information and attend meetings to participate in discussions.

### **2.4 The CEO as Accounting Officer**

The CEO is the Accounting Officer who has personal responsibility to Parliament, The Accounting Officer of the EFA, The Local Governors and The Public for the resources under their control.

From the Academies Financial Handbook September 2019

*“The role of accounting officer includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to ESFA’s accounting officer, for the financial resources under the trust’s control. Accounting officers must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety and value for money. Accounting officers must also adhere to the ‘seven principles of public life’:*

- *value for money – this is about achieving the best possible educational outcomes through the economic, efficient and effective use of resources. A key objective is to achieve value for money not only for the trust but for taxpayers generally.*
- *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 the trust’s internal 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 “.*

The key features of the role are:

- Personal responsibility for the propriety and regularity in the use of the Trust's funds
- Keeping proper accounts
- Prudent and economical administration
- The avoidance of waste and extravagance
- Ensuring value for money
- The efficient and effective use of all of the resources in their charge
- The day-to-day organisation, staffing and management of the Trust

The accounting officer must advise the board of local governors in writing if, at any time, in his or her opinion:

- Any action or policy under consideration by the local governing body is incompatible with the terms of the Academies Financial Handbook or the Trust's Funding Agreement.
- The board appears to be failing to act where required to do so by the terms and conditions of the Academies Financial Handbook or the Trust's Funding Agreement.

If the board proceeds, contrary to the advice of the accounting officer, and the accounting officer believes that they are in breach of the Academies Financial Handbook or the Trust's Funding Agreement, 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 the basis for the Trust's budgeting (see 5.1), is underpinned by sound resource planning, and identifies the Trust's educational priorities and targets, continuously ensuring:
  - that all pupils achieve high standards and make progress,
  - teachers' effectiveness, and
  - improvement of the Trust's performance.
- Ensuring that all relevant EFA financial requirements are implemented.
- Establishing and maintaining sound internal financial controls which are managed on a daily basis by the Headteacher and business manager.
- Ensuring the effective implementation of current financial systems and procedures described in the financial procedures manual.
- Ensuring that the funds delegated to the Trust are in accordance with the Trust's legal entitlement.
- Ensuring draft budgets are compiled for the local governing body and appropriate committees.
- Ensuring the efficient and effective deployment of the Trust's resources.
- Ensuring that financial reports are produced for the local governing body, ESFA and Companies House as required.

### **2.5 Head of Finance**

The Head of Finance is the principal finance officer and is responsible for the following financial duties:

- The day-to-day management of financial issues.
- The maintenance of effective systems of internal control.
- The maintenance of the Trust's accounting records.
- Preparing and monitoring the budget.
- Reporting the Trust's results to the CEO and local governing body

- Providing financial advice to the CEO and local governing body.
- Ensuring that the annual financial statements are properly presented and adequately supported by the underlying books and records of the Trust.
- Ensuring that the Trust receives all of the income to which it is entitled.
- Ensuring the accuracy and integrity of the Trust's payroll.
- Managing purchases in accordance with the Trust's procurement policy.
- Managing specific projects, e.g. capital projects.
- Obtaining legal advice when appropriate.
- Ensuring regular communication with the responsible officer and auditors.
- Lead officer for the finance committee.
- Ensuring the register of business interests is updated.

## **2.6 Finance Staff**

The finance staff are responsible for:

- Maintaining the Trust's accounting records.
- Liaising with budget holders and providing regular reports.
- Ensuring financial procedures are adhered to at all times.
- Preparation of monthly payroll information.
- Managing petty cash.
- Maintaining sample signature lists.

## **2.7 Other Staff in the Trust**

All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

## **2.8 Internal Auditor (IA)** **The Trust has appointed an Internal Auditor (currently CEFM) in accordance with the guidance provided in the Academies Financial Handbook.**

The principal role of the IA is to provide assurance to the local governing body on the following issues:

- The discharge of its financial responsibilities according to the requirements of the ESFA.
- The efficient, economical and effective management of resources and expenditure, including funds, capital assets and equipment, and staff.
- The introduction and maintenance of sound internal financial controls.
- That financial considerations are taken fully into account in reaching decisions and in their execution.

The programme of checks carried out is agreed with the Audit Sub-Committee. After each review the IA provides the local governing body with a written report explaining any material control issues and remedial action required.

## **2.9 External Auditors**

The Trust has appointed statutory auditors, Landau Baker, who are registered under the requirements of the Companies Act 2006 to carry out an audit and certify that the Trust's accounts are 'true and fair'.

The auditors' engagement letter explains the external audit service. Additional services, should they be requested, are subject to a separate letter of engagement.

The letter of engagement provides for the removal of the auditors before the expiry of their term of office in exceptional circumstances. Proposals to remove the auditors require a majority vote of the members of the Board of Local Governors and if the auditors resign they must state their reasons for their actions in writing to the Board of Local Governors, which must also be reported to the ESFA.

### **3. REGISTER OF BUSINESS INTERESTS**

The local governing body 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.

Governors have adopted a policy called Conflict of Interest and Related Party Transactions which describes how the Trust manages conflicts and potential conflicts and the perception that they might arise.

In order to maintain a transparent operation of this policy The Trust maintains a register of the business interests of each governor, 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. The information in the register is taken into account whenever buying or staffing decisions are made.

Any local governor or member of Staff who has an interest in a business tendering for a contract shall not form part of the committee awarding the contract. Any local governor or member of Staff who has an interest in the appointment, salary, promotion or conditions of service of a member of Staff shall not form part of the committee recommending or deciding the appointment.

Governors and members of Staff are required to promptly 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 local 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.

The minutes of the full local governing body will annually record a standard agenda point seeking updates to local governors' 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 entity 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 of business interests for senior staff and local governors of the Trust is published on the Trust's website.

### **3.1 Receipt of gifts, hospitality, entertainment and other services**

Local Governors and members of staff involved in making buying decisions shall not accept excessive, frequent or regular gifts, hospitality, entertainment or other services from existing or prospective suppliers. It is the Trust's policy that when considering whether to accept such offers, they must consider whether the offer could affect or might be seen to compromise their judgment or integrity.

The Trust maintains a register of gifts and favours offered and whether these were accepted or rejected. Local Governors and members of staff are required to inform the Trust of such offers as they arise.

### **3.2 Expenditure on gifts, hospitality, entertainment and favours**

The full local governing body 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 local governing body can demonstrate that the value is reasonable, is within its scheme of delegation of financial powers, the decision is documented, and has due regard to propriety and regularity in the use of public funds.

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. Modest hospitality is occasionally provided outside the workplace. The Head of Finance maintains a register of the occasions when hospitality is provided, the number of people involved and the costs incurred.

### **3.3 Private use**

The Trust does not obtain goods or services for the private use of local governors and/or members of staff. (Certain school property like mobile phones and vehicles can have a dual purpose when used by staff and staff are advised about accounting to the school for such use).

Local 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 policy on conflict of interest and related party transactions is published on the Trust's website.

## **4. WHISTLEBLOWING & FRAUD**

The local governors and staff endeavour to run all aspects of Trust business and activity with full regard for high standards of conduct and integrity. If members of Staff, parents, or governors or the Trust community at large become aware of activities which give cause for concern, they are encouraged to report such matters in accordance with the Trust Whistleblowing Policy. This acts as a framework to allow concerns to be raised confidentially and provides for a thorough and appropriate investigation of the matter to bring it to a satisfactory conclusion.

The Local Governors are committed to tackling fraud and other forms of malpractice and treat these issues seriously. It is recognised that some concerns may be extremely sensitive and has



in place a system which allows for the confidential raising of concerns within the Trust environment to reduce the risk of fraud and theft where possible.

The Trust will notify ESFA, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any Trust financial year. Any unusual or systematic fraud, regardless of value, will also be reported.

## **5. FINANCIAL PROCESSES**

### **5.1 Budgeting**

#### **5.1.1 Three-year Budget**

The LocalGovernors have a Trust Development Plan, which explains the deployment of resources to achieve aims and objectives. A three-year budget derives from this Plan.

The Trust Development Plan takes account of:

- The educational priorities for the Trust
- Likely demographic changes affecting pupils and staff
- The building and repair maintenance programme

#### **5.1.2 Annual Budget**

The Trust Development Plan is also reviewed on an annual basis and updated in the light of new information and changed priorities.

An annual budget is constructed making the following major assessments:

- An estimation of income, including government and local authority and other public grants and other income, such as income from parental donations, other fundraising, lettings and catering
- An estimation of staffing costs taking into account known appointments, retirements and rates of pay.
- An estimation of other expenditure based on service level agreements and likely cost trends.
- The identification of potential savings including benchmarking techniques.
- The allocation of curriculum budgets to departments, using a transparent formula to allocate funds equitably in line with need and Trust priorities.

The annual budgeting process starts at the beginning of the summer term each year. The Head of Finance draws up a draft budget for the following financial year. This is submitted to the Finance Committee for their review, discussion, amendments if appropriate and their approval, before sending to the ESFA by their specified deadline.

The local governing body may not set a deficit budget. If an unplanned deficit occurs during the financial year, the Trust must notify the ESFA as soon as it is aware of this.

The budget can only be amended for virements after it has been approved by the local governing body and sent to the ESFA. Budget holders must not exceed their budget allocation, unless they have the written approval of the CEO.

The Finance Committee formally monitors the implementation of the Trust's budget on behalf

of the local governing body by reviewing management accounts from the Head of Finance each month.

## **5.2 Budget monitoring and reports**

Each annual budget is monitored and reported on a regular basis. Monitoring and reporting includes the following key activities:

- The approved budget is entered onto the finance system at the commencement of the new financial year
- Budget and Accounting Returns are made to ESFA and Companies House as required
- Reports to full local governors' meetings and Finance Committee meetings are prepared in format required by the local governors, on termly and monthly basis respectively
- Budget activity is reported to Finance Committee in the format of management accounts showing monthly and cumulative actual results of key budget headings against budget and previous years' results with variances highlighted and commentary for significant changes. The management accounts are prepared in accordance with the Accounting Policies adopted by Local Governors as per Appendix 5, including policies on accruals and other income and expenditure recognition.
- The management accounts include a presentation of the balance sheet to show the Trust's assets and liabilities and reserves and a cash flow forecast
- Departmental budget holders receive termly reports on expenditure from the relevant budget
- CEO and Head of Finance shall monitor expenditure to ensure it is in line with budget plan and to ensure that expenditure does not exceed income and shall report significant variances to the Finance Committee

**Virements** (internal transfers of budget amounts between budget centres)

- Virements of up to £10,000 may be authorised by the Head of Finance
- Virements between £10,000 and £50,000 must be authorised by the CEO/Headteacher.
- Virements over £50,000 and up to £100,000 must be presented to the Finance Committee for approval
- Virements above £100,000 must be presented to the Board of Trustees for approval.

## **5.3 Departmental Budget holders**

Budget holders are 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. A printout detailing actual expenditure against budget is supplied to each budget holder at least once per term and budget holders are expected to keep their own records of orders placed but not paid for.

## **5.4 Cash flow**

The Head of Finance 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 surplus balances can be foreseen, the extra funds shall be invested. The forecasts should be undertaken with sufficient regularity and length of future prediction to accurately indicate any deficits.

# **6. ACCOUNTING SYSTEMS**

The Trust uses SAGE software to record all financial transactions. Access to the system is restricted to the Trust's finance staff, budget holders and those authorised by the Head of

Finance.

The system is accessed by passwords, which are changed routinely. Passwords are only known by the relevant member of staff. Passwords are changed immediately if an employee is aware that an unauthorised person has learnt their 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.

Reviews are carried out 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 on in house servers and copies made available to take off-site.

The Trust complies with the requirements of the Data Protection Act 2018.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled.

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

### **6.1 Transaction processing**

All transactions inputted to the accounting system must be authorised entries in accordance with the procedures specified in this manual.

The Head of Finance obtains and reviews system reports to ensure that only regular transactions are posted to the accounting system. The system report includes:

- Monthly audit trails.
- Amendment reports for payroll, the purchase ledger and the sales ledger
- Management accounts summarising expenditure and income against budget at budget holder level.

### **6.2 Reconciliations**

The Head of Finance 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
- Bank balance per the nominal ledger to the bank statement.

The Head of Finance signs all reconciliations as evidence of review.

## 7. SEGREGATION OF DUTIES

The Head of Finance should ensure that there is segregation of responsibility or duties for the processing of transactions and approval of expenditure. This is to ensure that there is consistent and regular oversight of transactions to avoid mistakes, collusion or fraud.

Separation of duties relate to activities in the financial transaction cycle from

- Identifying resources
- Approval of orders
- Checking receipt of goods and services
- Checking invoices
- Selecting them for payment
- Paying for resources and services
- Inputting to the accounting system and
- Providing oversight by means of management account reviews and analysis.

## 8. BUSINESS CONTINUITY PLAN

The Trust has prepared a Business Continuity Plan which includes the actions the Trust would take in the event of loss of accounting facilities or financial data. Keeping this up to date is part of the termly assessment made by CEO and Senior Leadership Team of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks. The Head of Finance provides information and feedback to the CEO about specific risks that affect the Finance Office and finance operations.

The Business Continuity Plan is kept up to date in light of current risk assessments.

## 9. RISK MANAGEMENT

The Local Governors recognise the risks inherent in operating an educational organisation and are committed to managing risk in an effective and timely way in accordance with best practice guidelines. The Local Governors have adopted and keep under review a Risk Management Policy. The Head of Finance is responsible for working with the CEO and Senior Leadership Team to monitor and contribute to the Risk Register maintained by the CEO.

A report on risk is provided to the Trust Board at least once per year in the Autumn Term **and this is subject to regular review by the Board.**

## 10. PREPARATION AND PRODUCTION OF ANNUAL ACCOUNTS

From the Academy Finance Handbook

*“The academy trust must maintain adequate accounting records and prepare an annual report and accounts in line with the Charity Commission’s Statement of Recommended Practice (SORP) and ESFA’s Accounts Direction. The accounts must be audited.*

*The audited accounts must be:*

- *submitted to ESFA by 31 December each year*
- *published on the trust’s website by 31 January*
- *filed with Companies House in accordance with company law requirements*
- *provided to anyone who requests a copy”*

The Finance Office, in conjunction with the Head of Finance and the external auditors, is responsible for preparing the annual accounts and reports for approval by the Local Governors.

The Local Governors are responsible for selecting the correct accounting policies that reflect its activities to enable the accounts to give a true and fair view of the activities for the year. The Local Governors have adopted a set of Accounting Policies – see Appendix 5 – that are reviewed every three years in conjunction with the auditors and as is required for statutory reporting and compliance with charity and company regulations.

## **11. INCOME**

The local governing body has overall responsibility for ensuring that all income due to the Trust is properly accounted for.

Day-to-day responsibility for this is delegated to the Head of Finance.

Income is accounted for in accordance with the requirements set out in the current version of the Academies Financial Handbook.

### **11.1 Controls over incoming funds**

#### *Public funds including government and local authority grants*

The school receives advance notification of annual and termly grants, funds, payments and income from public bodies. Notifications should be kept in a central file and matched with receipts of funds as they are banked.

Some sums are paid in advance, others in arrears.

A member of the finance team should conduct a review monthly, termly and annually to ensure that all public funding is received in a timely manner.

Nominal ledger accounts should be established and postings made to ensure that there is a clear record of the different forms of public funds that are received.

#### *Catering Income (currently part of an outsourcing agreement)*

Students use prepaid lunch cards to pay for meals in the Dining Hall. Parents' payments to the school are recorded in SAGE. The control account for these receipts is reconciled between Parent Pay, the lunch card prepaid report and the outsourcer's records of lunches taken each month by the Finance Office

#### *Postal and delivered receipts*

All incoming cheques and cash are locked in the safe and the amounts recorded immediately and entries verified by someone other than the person who has made the entry.

#### *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.

### **11.2 Letting of Trust facilities**

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

The Finance Committee approves letting rates. Free use and charges below economic cost are not permitted.

All hiring of Trust equipment and facilities is recorded by the Hall Hire Manager in a lettings diary.

The lettings diary is reviewed by a member of the finance office on a monthly basis to ensure that all lettings have been invoiced.

- When a letting is booked the hirer completes a hire form.
- The finance team generates sales invoice on SAGE
- The Facilities Manager chases hiring fees to ensure that payment is received before an event
- The Trust ensures that relevant insurance is in place for each letting.

### **11.3 Trust trips**

Information relating to the charges made for trips and visits is included in the 'Charging and Remissions Policy'.

A lead teacher must be appointed from the SLT for each trip to take overall responsibility for the trip. Before financial commitments are made a full costing of the trip must be carried out and the full costing must be approved by the lead member to whom responsibility for the trip has been delegated and shared with the Head of Finance. The lead teacher must also prepare a record for each student intending to go on the trip showing the amount due to the Trust for that student. A copy of the record must be given to the Finance Office.

All monies received for trips are paid to the finance office or electronically via the online payment system. The finance office is responsible for keeping adequate records of income and expenditure.

All receipts are banked intact.

One member of the finance office prepares a final income and expenditure account for each trip which has taken place and reports the accounts to the CEO. The CEO ensures that money collected and expended for each trip is in accordance with the Trust's charging policy.

### **11.4 Private use of facilities**

It is expected that should a member of staff use the Trust's facilities for private use (eg telephone calls) he/she should pay for that service and the money will be receipted by the finance team.

Invoices will be generated for private use of the photocopier.

### **11.5 Bad debts**

The Trust chases all money due to it, which has not been paid within 30 days of an invoice being issued, by telephone, email, text and/or letter, depending on how much time has elapsed since the money was due to be paid.

If a debt remains unrecoverable after 2 months, or, if during the year, it becomes clear that the debt will remain unpaid, authority to write off the debt is sanctioned in accordance with Table D of the Scheme of Financial Delegation shown in Appendix 2

Bad debts are only written off when the Trust has followed all reasonable and proportionate practical procedures to ensure their recovery.

## **12. BANK AND CASH**

### **12.1 Bank facilities**

Only the local governing body can authorise the opening or closing of bank accounts.

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.

Banks have 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.

The Trust holds separate bank accounts for the effective management of different funds under its control

### **12.2 Payments**

All cheque payments from the bank accounts require two authorised cheque signatories. The four cheque signatories are the:

- CEO
- Headteacher of the Boys' School
- Headteacher of the Girls' School
- Head of Finance

The Head of Finance maintains an approved list of signatories (including specimen signatures). Cheques are not pre-signed. All cheques drawn are crossed 'account payee only'. All chequebooks and other stationery are kept in a safe. All bank statements are filed sequentially.

Authorised signatories must not sign a cheque relating to goods or services for which they have solely authorised the expenditure.

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

### **12.3 Bank reconciliations**

All bank accounts are reconciled on a monthly basis by a member of the finance team and the Head of Finance reviews all reconciliations, signing them as evidence of review.

### **12.4 Security and banking**

Cash and cheques are locked in the safe 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 names of the drawers and cash by reference to the payer.

### **12.5 Petty cash**

Petty cash is used for the purchase of minor items, which have been budgeted for. The maximum balance is £500. The float is only reimbursed from the main bank account. The petty cash tin is held in the safe.

Payments from petty cash are only made if there are sufficient funds in the purchaser's or relevant budget and on production of a till receipt or other proof that payment has been made and cannot exceed £50 in value. Petty cash payments are subject to the same authorisation procedures as purchases/invoices. The budget holder passes them for payment. The person receiving reimbursement signs for the amount received.

The petty cash float is reconciled on a monthly basis by a member of the finance team. The reconciliation is checked by another member of the finance team and initialled as evidence of this review. The Head of Finance carries out a surprise count of petty cash at least once a year.

## **13. PAYROLL**

The Personnel Committee formally approves all senior appointments, terminations and salary levels if the role is included in the budget.

If the role is not budgeted then the affordability of the additional senior role must be approved by the Finance Committee before the appointment is approved by the Personnel Committee.

The Personnel Committee 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, re-gradings and any other changes in conditions of service of staff can be met within the resources available to the Trust.

The Head of Finance maintains a list of staff employed by the Trust and their current salaries, which has been authorised by the Executive Head Teacher and the Chair of the Finance Committee.

The Trust uses the services of Barnet Council and Trace Ltd as payroll agents and the contract between the Trust and the agent includes:

- The responsibilities of the Trust and the payroll bureau
- The 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.
- Provision for access for Staff and auditors.

The payroll agents process the staff payroll only on the written instructions of the CEO or the Head of Finance. They do not process salary changes authorised by the person whose salary is changing. The Head of Finance notifies any changes to the CEO's salary to the payroll agent and vice-versa.

Payments are made as follows:

- Net payments to staff, by BACS, to employees of the Trust
- HMRC payments, by the Trust, to HMRC
- Pensions payments, by the Trust to the pensions authorities
- Overtime claims, as part of net payments to staff, through the payroll

Access to personnel files is currently restricted to the CEO, Headteachers, Lulu Oskis, Jo Grant and the Head of Finance.

### 13.1 Monthly procedures

- The Head of Finance or a member of finance staff completes standing data amendment forms and overtime worked (either paper based or using on line web tool).
- The Head of Finance ensures that expenses and overtime have been validly incurred and appropriately authorised.
- The CEO ensures these checks have been carried out and authorises the information to be sent to the payroll agent.
- After the agents have prepared the first draft of the monthly pay run the Head of Finance checks the payroll printout received from the payroll agent to ensure that all calculations have been made correctly at the correct rates.
- The CEO or Head of Finance (and the CEO retrospectively) authorise 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 Head of Finance as evidence of the checking and authorisation procedure.
- The Head of Finance checks gross pay as per the payroll to personnel records annually.

## 14. PURCHASING

From the Academies Finance Handbook September 2019:

*“Value for Money - achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of resources, the avoidance of waste and extravagance, and prudent and economical administration”*

Buying decisions are made to ensure:

**Probity** – that there is no private gain involved in the contractual relationships of the Trust;  
**Accountability** – the Trust is accountable for its expenditure and the conduct of its affairs;  
**Fairness** – that all those dealt with by the Trust are dealt with on a fair and equitable basis.

#### **14.1 Approved suppliers**

The finance office maintains a database of approved regular suppliers.

The finance office selects suppliers on the basis of their capacity to provide quality, quantity, service, timely delivery and price competitiveness. Volume discounts and credit terms are taken into account. Consortia are used where they provide value for money.

Suppliers are selected from business directories, trade journals, supplier catalogues and mailshots; information from other academies; recommendations; and information provided by the EFA.

The listing of approved suppliers is reviewed and approved on an ongoing basis by the Head of Finance and on an annual basis by the CEO.

#### **14.2 Quotations**

Quotations are obtained as follows: (see more details in the Policy on Procurement and Tendering at appendix 4)

1. Above £1,000 and up to £5,000, two written quotations;
2. Above £5,000 and up to £25,000, three written quotations;
3. Above £25,000 and up to EU thresholds, open to tenders; to be submitted in writing by a specified date and time and based on a written specification and evaluation criteria;
4. Over EU thresholds, open procedure for tenders.

Over EU thresholds, the Trust shall adhere to the Public Contracts Regulations 2015.

#### **14.3 Controls over expenditure**

In order to control expenditure the Trust operates a scheme of delegation - see Appendix 2 – that controls who has authority to approve orders, based on the value of the order.

The Head of Finance must review orders to ensure that the scheme of delegation is being adhered to.

An order for a multi-annual contract is viewed as having a value of the full term of the potential contract for the purposes of determining who should approve the order.

#### **14.4 Purchase orders**

- Pre-numbered orders are used for all goods and services.
- Orders are only made by telephone in exceptional circumstances and then confirmed in writing.
- Staff should obtain a pre-numbered order form from the finance department on the girls' site and the school office on the boys' site. Any order form taken must be signed for on the order form list.
- The purchaser should complete an order form including supplier's name, code, and description of product, cost and number of items required. The finance office will provide guidance on which suppliers to use.

- Orders must be in line with the School Development Plan and there must be sufficient money in the relevant budget to cover the cost of the proposed purchase.
- The Trust will only order items for school use; all items officially ordered belong to the Trust.
- The member of staff responsible for authorising expenditure from the relevant department/budget must approve and sign the requisition form.
- All approved order forms must be passed to the school office for processing.
- The Head of Finance will check prices, terms and conditions and delivery date. It is the duty of the Trust to ensure that value for money is obtained.
- Only an authorised person can sign the order form (please remember segregation of duties).
- The order form is a three-part document: the white sheet is to be sent to the supplier, the yellow sheet returned to staff/budget holder and the green copy retained by the finance department for checking against invoices and delivery notes.
- Other than exceptional circumstances and with prior agreement from the CEO recorded in writing, staff cannot order or purchase items without an official order number.
- Requests for inspection copies must be made via the Head of Finance to avoid problems incurred when the Trust is invoiced and there is no record of an inspection copy having been requested or received.
- Please be aware when ordering inspection copies that suppliers may charge handling costs which will be credited against the department budget. It is usually possible to negotiate the removal of the handling costs prior to ordering the inspection copies. The finance office undertakes such negotiations.

#### **14.5 Receipt of goods**

- Delivery notes for items accepted at reception must be signed by the “authorised person” receiving the goods and a copy must be retained.
- The delivery note and goods must be kept secure and passed to the Finance Office as soon as practicable.
- The “authorised person” receiving goods must promptly and meticulously check for
  - any invoices that are in or attached to parcels and pass to Finance Office
  - quantity and quality of goods and annotate the delivery note accordingly.
- Any discrepancies, damaged items or incorrect items must be notified to the Finance Office immediately.
- Payment should never be made on a delivery note – wait for the invoice.

#### **14.6 Receipt of services**

- Service notes should be signed by the relevant “authorised person”. In the absence of the relevant person, a Head of Department or Head of Finance may sign the service note provided they are aware that the service has been contracted by the school. The service note must be annotated that the contractor was on site but the service has not been checked if this is the case.
- Any such completion reports must be passed to the Finance Office
- Services must be checked promptly and meticulously by the relevant person and the service note annotated regarding quantity and quality of service.

#### **14.7 Returning damaged or incorrect orders or reporting defective services**

- Deliveries must be checked promptly to identify the quantity and quality of the items.
- Any discrepancies must be brought to the attention of the Finance Office immediately.
- The Finance Office will contact the supplier and arrange for the items to be collected/swapped.

- Items to be returned must be safely parcelled and clearly marked, including the 'returns number' if one has been issued by the supplier.
- The parcelled items must be given to the security guards ready for collection. The Finance Office must be informed that the items are waiting for collection.
- On collection of the items, the person dealing with the transaction will sign and retain a copy of the returned goods note from the carrier.
- The copy of the returned goods note is to be passed to the Finance office promptly.
- The Finance office will be aware of credit notes due as a result of returned goods and discrepancies.

#### **14.8 Purchase invoices**

The purchase invoice is recorded on the purchase ledger and correctly analysed for posting on Nominal Ledger and posted by Finance Staff.

Prior checks are carried out by Finance Staff to ensure:

- Goods or services were ordered using the Trust's ordering policy (attaching copy of signed order)
- Goods or services have been received and checked to the order and delivery note (attach proofs of delivery)
- Prices agree with quotations, tenders, contracts or catalogue prices (refer to orders or other material)
- The arithmetic on the invoice is correct including calculations of VAT
- Discounts have been taken where applicable.
- Purchase is from an approved supplier where applicable

Invoices are signed and initialled to show that checks have been completed

#### **14.9 Payment of invoices**

- 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.
- The finance staff reviews the creditors' ledger regularly and selects invoices for payment.
- Regular checks of supplier statements are made to ensure that invoices are validly due for payment and that payment has not already been made.

#### **14.10 Completeness of supplier balances**

- Invoices and credit notes are recorded by Finance Staff as soon as the Trust receives them.
- The finance staff reconciles individual supplier balances to supplier statements, where available, on a monthly basis. The Finance staff require copies of invoices and credit notes shown on supplier statements but not processed by the Trust

### **15. FIXED AND TANGIBLE ASSETS**

The Trust invests a significant amount of capital in the acquisition of fixed assets. Therefore, controls are put in place to ensure that fixed assets are recorded correctly and protected against loss and theft.

It is the general policy of the Trust that capital assets are not acquired unless the source of funding for the items is known and confirmed in advance. It is the responsibility of the CEO to review all requests for capital spending on assets in advance to ensure the need and funding for all spending.

The purchase of assets must follow the school's purchasing and payment procedures.

#### **15.1 Recording of assets in a register**

- All fixed assets purchased with an individual value of over £1,000 must be entered into an asset register maintained by the Head of Finance (At the discretion of the Head of Finance a collective purchase of assets with a total order value over £1,000 may also be added to the register).
- The register shall record the serial number of any item (IT assets) that have one for identification (see detailed appendix 3)
- Portable and attractive items are non-consumable items valued at under £1,000 but over £100 which are susceptible to theft or loss due to their portable nature and attractiveness for personal use or resale. These items should also be recorded in the register.
- Items valued at under £100 purchase price do not require recording in the register.

#### **15.2 Security of assets**

- All fixed assets recorded in the register are permanently marked, wherever practical, as being the property of the Trust.
- The asset register is to be kept up to date and reviewed regularly.
- Items used by the Trust but not owned by the Trust should be recorded as such.
- Physical counts against the register are undertaken at least annually. This count is to be performed by someone other than the person responsible for the asset register from time to time.
- Differences between counts and the register are investigated promptly and significant differences are reported to the Local Governors.
- Stores and equipment are secured by means of physical and other security devices.
- Only authorised personnel may access secure storage areas.

#### **15.3 Disposal of assets**

- All requests for disposal must be authorised by senior personnel in accordance with the table of authority in Appendix 2, Scheme of Delegation - disposal of assets.
- The best possible value for money must be obtained in the disposal of assets.
- In the last term of the academic year the CEO and Head of Finance will review the asset lists and conduct a physical inspection of assets to determine if any assets have reached the end of their useful life.
- Disposal authorisation should include justification that the asset has become obsolete to the Trust. Assets judged to be obsolete should be destroyed, recycled or sold for maximum value for money.
- Disposal of assets to staff or students above a value of £50 must be notified to the CEO.
- Loss of assets must be reported to the CEO.
- Disposal of land must be agreed in advance with the Secretary of State.

#### **15.4 Loan of assets**

- Trust property must not be removed from Trust premises without the authority of a Head of Department.
- A record of the loan must be recorded in a loan book and booked back to the Trust when it is returned.
- If assets are on loan for extended period or to 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 school's auditors.

## **16. TAXATION**

The CEO is responsible for complying with Value Added Tax (VAT) and other tax regulations to which the Trust may be subject, including taxes on employment and other remuneration for staff, workers and suppliers who may be self-employed. He is advised by the Head of Finance of changes to financial regulations that impact the calculations and accounting for taxes.

The Head of Finance is responsible for the preparation of all financial information required by the ESFA to enable it to provide returns and tax reports to regulatory authorities

All payments to employees and former employees of salaries and wages - including London Weighting, overtime, fees, commissions, bonuses, performance related pay, contract additions, leased car allowances, honoraria, sickness payments (including SSP and SMP), holiday pay, pensions compensation, other emoluments and other taxable and/or pensionable payments must be made through the Trust's payroll system. They must not be paid out of petty cash, or through the school's payments systems. This is essential to ensure that all statutory deductions and pension contributions are correctly made and paid over.

Any payments made to employees, which are taxable benefits but are not made through the payroll system, must be declared to HMRC annually.

Payments to self-employed persons, for example commissioned as consultants or temporary workers, must be treated with extreme care. Before paying an invoice to a self-employed person (or someone who is being paid in their own name as opposed to a company) the Head of Finance must be satisfied with the status of the person by asking them to complete a questionnaire on their tax and employment status and assessing the answers. If there is any doubt, the person must be paid through the payroll. If it is clear that the person does not need to be paid on the payroll system then they are also required to complete a tax certificate declaring they will be dealing with their own tax affairs.

## **17. LEASE FINANCING AND LOANS**

In order to ensure compliance with ESFA regulations governing leases and other financial arrangements for the procurement of assets for the school, the Local Governors and CEO may not enter into any finance leasing agreements or any other loan or financing arrangements for the acquisition of property, vehicles, plant or equipment without the prior written consent of the Chief Finance Officer of the ESFA.

## **18. INSURANCE**

Funds to cover the costs of insurance are delegated to the Trust and it must demonstrate it can cover insurable interests under a policy arranged by the local governing body.

The Finance Committee reviews insurance arrangements annually. The committee ensures that the sums insured are commensurate with risks and value of assets and how they are deployed and used.

The main types of insurance cover 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.
- The Local Governing body and employer liability: The currently recommended minimum level of cover for academies is £2m for each of
  - Public Liability
  - Any statutory motor transport insurance
  - Loss of assets through fraud or dishonesty on the part of employees
  - Personal accident
- Fidelity insurance.

The Head of Finance monitors trends in insurance practises and commercial terms in consultation with outside advisors including the ESFA, to ensure, from year to year, that the Trust choses an insurance provider that offers effective insurance cover for the Trust.

Details of all insurance policies held by the Trust are kept in the office of the Head of Finance. 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 Head of Finance prior to submission to the insurance company.

**Appendix 1: Schedule of Freedoms and Delegations from the Education Funding Authority to the Trust**

(References are to the Academies Financial Handbook 2019)ovel, contentious and repercussive*	Novel, contentious and repercussive transactions	ESFA agreement required [5.5]
Special payments	Staff severance and compensation	ESFA agreement required if £50,000 [5.10 and 5.14]
	Ex gratia payments	ESFA agreement required [5.17]
Write-offs and liabilities (subject to £250,000 ceiling)	Writing-off debts and losses	ESFA consent required if exceeds: <ul style="list-style-type: none"> <li>• 1% of annual income or £45,000 individually; or</li> <li>• 2.5% or 5% of annual income cumulatively [5.18 and 5.19]</li> </ul>
	Entering into guarantees, indemnities or letters of comfort	
Acquisition and disposal of fixed assets	Acquiring freehold land/buildings	ESFA agreement required [5.22]
	Disposing of a freehold on land/buildings	ESFA agreement required [5.22]
	Disposing of heritage assets	ESFA agreement required [5.22]
	Other disposals	Trust has full discretion [5.23]
Leasing	Taking up a finance lease	ESFA agreement required [5.25]
	Taking up a leasehold on land and buildings	ESFA agreement if lease term seven years or more [5.25]
	Taking up any other lease	Trust has full discretion [5.26]
	Granting a lease on land and buildings	ESFA agreement required [5.25]
GAG	GAG carry forward	No limits if trust eligible [5.28]
	Pooling by MATs	No limits [5.29]
Borrowing	Bank or sponsor loan, overdraft	ESFA agreement required [5.32]
	Credit cards (for business use)	Trust has full discretion provided charges not incurred [5.32]
Related party transactions	Supplies to the Trust from related parties	ESFA agreement required over £20,000 and over associated limits [5.41]

\* Novel payments or other transactions are those of which the Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media. (Academies Financial Handbook)

**Appendix 2: Scheme of Financial Delegations**



Delegated Authority Listing for Hasmonean Multi-Academy Trust as at 22 March 2015  
Applies to School Funds

**A. For all budgeted payments excluding payroll** (see section on purchasing)

<b>Amounts</b>	<b>To be authorised by</b>	<b>Budget Held</b>
Up to £500	All Curriculum Leaders Assigned Budget Holders Network Manager	Departmental Budget Assigned Budget (eg ICT, G&T) ICT Budget
Up to £1,000	Premises Manager	Premises Budget
Up to £2,500	Exams Officer Director of Learning	Exams Budget Departmental/Assigned Budget
Up to £5,000	Head of Operations/Headteacher	All
Up to £15,000	Head of Finance	All
Up to £25,000	CEO	All
Up to £50,000	Finance Committee Trustee	All
Up to £100,000	Finance Committee	All
No limit	Board of Trustees	All

**B. For payroll payments**

<b>Amounts</b>	<b>To be authorised by</b>	<b>Budget Held</b>
For routine payments through the monthly payroll up to £600,000	Head of Finance <b>plus</b> one of Head of Operations, Headteacher or CEO	All
For routine payments through the monthly payroll over £600,000	Minuted approval by the Finance Committee	All
For non-routine payments up to £5,000	Head of Finance/Headteacher	All
For non-routine payments over £5,000	CEO	All
For non-routine payments up to £40,000	Finance Committee	All
For non-routine payments up to £100,000	Finance Committee and Chair of the Board of Trustees	
No limit	Board of Trustees	All

**C. For asset disposals** (refer to Assets note on page 33)

<b>Amounts</b>	<b>To be authorised by</b>	<b>Budget Held</b>
Up to £1,000	Head of Finance	All
Up to £10,000	CEO/Headteacher	All
Up to £25,000	Finance Committee	All
No limit	Board of Trustees	All

**D. For bad debt write-offs**

<b>Amounts</b>	<b>To be authorised by</b>	<b>Budget Held</b>
Up to £500	Head of Finance	All
Up to £1,500	CEO/Headteacher	All
Up to £5,000	Finance Committee	All
No limit	Board of Trustees	All

**E. For budget changes**

<b>Amounts</b>	<b>To be authorised by</b>	<b>Budget Held</b>
Up to £10,000	Head of Finance	All
Up to £50,000	CEO/Headteacher	All
Up to £100,000	Finance Committee	All
No limit	Board of Trustees	All

**F. Awarding of Recruitment and Retention Allowances/ Financial Incentives\***

Up to £5,000	Chair of Local Governing Body and Chair of Finance Committee	All
Over £5,000	Chair of Trustees and Chair of Finance Committee	All

\*All Recruitment and Retention Allowances/ Financial Incentives to be reviewed by the Pay Committee in the autumn term on an annual basis as part of the Performance Management Process.

### Appendix 3: Fixed Asset Policy Tables for Recording

(refer to Page 33 on Fixed and tangible assets)

Record	Where Kept	Retention time (Min)	Disposal authority
Invoices	Finance Office	Greater of Life of Asset or Current Year plus 6 years	Head of Finance
Order Forms	Finance Office	Greater of Life of Asset or Current Year plus 6 years	Head of Finance
Goods Received Notes (GRN) and Delivery Documentation	Finance Office	Current Year plus 6 years	Head of Finance
Asset Register	Finance Office	Current Year plus 6 years	Head of Finance

#### Portable and Attractive items:

The following list is not exhaustive and there may be items not listed that should be labelled and tracked. If there is any doubt, the Head of Finance should be consulted.

Category	Description of item
ICT	Desktop PCs, monitors, printers, laptops, projectors, portable hard drives, PDAs, ipads
Electrical	Cameras, CD players, AV equipment, mobile phones, TVs, printers/labellers, laminators
Music	Musical instruments, keyboards
Maintenance	Power tools

The details of the assets in the asset register should include:

- Type and description of the asset
- Date of purchase
- Unique identifier of asset i.e. serial number and asset tag number if any
- Cost of asset
- Location that asset will be used
- Budget holder responsible for asset
- Source of funds for the purchase of the asset
- Expected useful life of asset
- Date of disposal / change of use
- Proceeds of disposal / current market value and change of use and date of receipt.

## **Appendix 4: Procurement and Tendering Policy**

(refer to page 17 on Purchasing)

### **1 Policy rationale**

In accordance with its duties under the Academies Financial Handbook, the Trust must ensure that:

- spending has been for the purpose intended and there is probity in the use of public funds
- spending decisions represent value for money
- internal delegation levels exist and are applied within the Trust
- a competitive tendering policy is in place and applied, and Official Journal of the European Union (OJEU) procurement thresholds are observed
- relevant professional advice is obtained where appropriate

### **2 Quotations and Tendering**

The minimum required numbers of tenders or quotations from appropriate contractors for a given estimated value of contract are:

5. Above £1,000 and up to £5,000, two written quotations;
6. Above £5,000 and up to £25,000, three written quotations;
7. Above £25,000 and up to EU thresholds, open to tenders; to be submitted in writing by a specified date and time and based on a written specification and evaluation criteria;
8. Over EU thresholds, open procedure for tenders.

The values are for single items or groups of items, which must not be disaggregated artificially.

*For tenders expected to exceed EU thresholds, advertisements must also be placed in OJEU (Official Journal of the European Union) and must follow EU procurement requirements with particular regard to be given to the timescale for such tenders.*

### **3 Procedures**

1. All purchases with a value greater than £25,000 must be put out to formal tender. The below protocols must be followed in such circumstances.
2. It is anticipated that for any major building works of a value greater than £50,000, the services of an architect would be engaged to deal with the handling of specifications and suitability to tender. Where appropriate, the suppliers invited to tender should be drawn from an approved list or from those agreed with the architect.
3. In the case of building works, where the tendering process is being carried out by the architect or quantity surveyor, they will be responsible for checking the documents of the lowest tender before making a recommendation to the Trust.

4. Once a tender is accepted an order should be issued immediately to the supplier in the normal way.

#### **4 Protocols for formal tenders**

1. A written specification will be prepared, authorised by the chair of the relevant committee and CEO and sent to at least three suppliers and posted on Contracts Finder.
2. The written specification shall include:
  - a) the title of the project
  - b) an introduction/background to the project;
  - b) the scope and objectives of the project;
  - c) any technical requirements;
  - d) implementation details for the project;
  - e) the terms and conditions of the tender, including any minimum requirements for the financial standing of the supplier; and
  - f) the form and date of response to the Trust, or in the case of building works, to the architect or quantity surveyor.
3. All replies, if to the school, should be addressed to the Head of Finance in a plain sealed envelope marked 'Tender' to reach him/her by a specified date. All replies must be kept sealed until that date and passed to the chair of the relevant committee.
4. All tenders will be opened at the same time and details of the contractor, quotation and any other details recorded at the time of opening.
5. No contractor will be allowed to amend the tender after the time fixed for receipt.
6. The Head of Finance will open a separate correspondence file for each tender which will contain copies of all correspondence or other relevant information.
7. All correspondence with prospective suppliers shall adhere to the principles set out in section 3.
8. Where expenditure is not included in the budget or anticipated expenditure exceeds the budget allocation, the decision as to which tender to accept will be taken by the finance committee.
9. The reasons for accepting a particular tender must be documented, especially if it is decided to accept other than the lowest tender.
10. Letters of rejection and thanks should be sent in reply to unsuccessful tenderers.

#### **3. Acceptance of Tender**

The following principles and checklist of assessment criteria will be considered when deciding which tender to accept:

##### **Principles**

1. Value for Money, defined as achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of resources, the avoidance of waste and extravagance, and prudent and economical administration.
2. Equal treatment of Tenderers
3. Non-discrimination between Tenderers
4. Transparency as to assessment criteria
5. Mutual Recognition of Tenders
6. Proportionality as to the application of assessment criteria

### **Checklist**

1. The overall price over the life of the project and the individual items or services which make up that price.
2. Whether there are any 'hidden' costs; that is additional costs which the Trust will have to incur to obtain a satisfactory product.
3. Whether the Tender indicates scope for negotiation
4. The qualifications and experience of the supplier, including membership of professional associations.
5. Compliance with the technical requirements laid down by the school.
6. Whether it is possible to obtain certificates of quantity.
7. The supplier's own quality control procedure, pre sales demonstrations, after sales service and, for building works, a six month defects period and insurance guarantees.
8. The financial standing of the supplier.
9. References from other establishments.
10. Understanding and compliance with health and safety, CDM regulations and Child Protection issues related to working on a school site.

The successful contractor should be informed that the school is a NON SMOKING site.

*The Schools' Funding Agreement should be considered when applying this policy*

## **Appendix 5: Accounting Policies**

### **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards

and the Companies Act 2006.

### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Company at the discretion of the Local Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

### **Incoming resources**

All incoming resources are included in the Statement of financial activities when the Company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

### **Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the Company's educational operations.

Governance costs include the costs attributable to the Company's compliance with constitutional and statutory requirements, including audit, strategic management and Local Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

### **Going concern**

The Local Governors assess whether the use of going concern is appropriate, i.e. whether

there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. The Local Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

### **Tangible fixed assets and depreciation**

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Company's depreciation policy.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Building improvements - 20% reducing balance
- Motor vehicles - 25% reducing balance
- Office equipment - 33% straight line

### **Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives.

Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### **Operating leases**

Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

### **Taxation**

The Company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11 Chapter 3 of the Corporation



Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **Pensions**

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

Retirement benefits to employees of the Company are also provided by the Teachers' Pensions Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Company.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Company in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs.

Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**Reviewed by CEFM December 2020**

**Approved by the Trustees December 2020**

**Next Review: December 2021**