



# **THE BECKMEAD TRUST**

## **FINANCE POLICY & PROCEDURES**

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## **1. Introduction**

The purpose of this policy is to ensure that The Beckmead Trust maintains and develops effective systems of financial control, which conform to the requirements of both propriety, regularity and good financial management. It is essential that these systems operate properly to meet the requirements of the Company's Funding Agreement with the Department for Education (DfE), the Academies Trust Handbook and all other statutory requirements for companies and charities. It will also provide a transparent framework for decision making that will safeguard individuals' integrity.

The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that guidance and forms the manual detailing information on the Trust's finance procedures and systems.

These procedures are a significant part of the Trust's Internal Control Framework which is included for reference in Appendix A. This also includes reference to the Trust's other significant policies and procedures.

These financial policies are broad guidelines or ideals that are meant to guide policy makers or to assist them to make informed and prudent financial decisions for the Trust. In view of the foregoing the manual sets out clearly the finance procedures and guidelines prerequisite for the attainment of this crucial requirement. It also covers the description and design of appropriate documents the Trust shall adopt for internal control.

The manual is structured to suit the current size and operational circumstances of the Trust with perspectives of future expansion and growth. It has been structured, with due consideration for effective financial management and control.

### **1.1 The use of this Manual**

This manual is not intended to replace the professional skills or all human abilities in the Trust. Its purpose is to serve as broad guidelines or standard practice instructions in relation to the main topics listed. The topics cover every area of financial activity that the Trust is likely to be engaged in. It is expected that; it will be applied as broad guidelines in recording financial transactions rather than a system that will by itself produce bookkeeping and records for the Trust. To the extent that it does not treat accounting topics as a textbook would do, it should be applied with reference to the professional expertise of the Finance Team. These guidelines shall be applied irrespective of whether the Trust uses a manual or computerized system and this document applies to all academies managed within The Beckmead Trust.

### **1.3 Review of Document**

This Finance Policy and Procedures document shall be reviewed and re-approved by the Board of Trustees on an annual basis. It is the responsibility of the Chief Financial Officer to review and amend this policy document in consultation with the CEO and present to the Board of Trustees for approval. The Finance Policy and Procedures document may be reviewed and should be amended on a more frequent basis if required by the changing nature of the Trust activities.

As a requirement by company's code, an external auditor would be appointed to undertake financial, operational, system and compliance audits.

## **2. Principles**

The Trust will manage its affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life –

### **1. Selflessness**

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

### **2. 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 their performance or their official duties

### **3. 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.

### **4. 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.

### **5. 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 interests clearly demand

### **6. 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 interests.

### **7. Leadership**

Holders of public office should promote and support these principles by leadership and example

## **3. Organisation and Responsibilities**

The Beckmead Trust has defined the responsibilities of each role and official involved in the administration of its finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Governors and staff.

### **3.1 Operational Management and Reporting Structure:**

The Trust has Members<sup>8</sup> Trustees who constitute the main Board of Trustees. Trustee, Members The Trust has appointed local governing bodies as sub-committees, and these can have Governors who are not Trustees of the Trust.

All Members, Trustees, Governors, and staff must understand and abide by these policies and procedures and recognise and support the principle that anyone found to be in significant breach of these procedures will face disciplinary action. Together they have responsibility for directing the Trust's affairs, and for ensuring that it is solvent, well run, and delivering the charitable outcomes for the benefit of the public for which it has been set.

### **3.2 Trust Responsibilities**

The Beckmead Trust is a company limited by guarantee with charitable status. It comprises Members of the Trust and has a strategic role in running the Academies, with control over its land and assets.

The Members, Trustees that sit on the MAT Board as Trustees, have certain obligations to protect the assets, property and good name of the Trust.

As contained in section 1.22 of the Academies Trust Handbook, the chair of trustees is responsible for ensuring the effective functioning of the board and setting professional standards of governance and accountability. It is the chair's responsibility to give the trust board clear leadership and direction, keeping it focused on its core functions. ESFA will help chairs and their boards to do this if required. In addition, the Code of Conduct for Board Members of Public Bodies provides further guidance to the Trust Board in discharging their duties.

The Board of Trustees has overall responsibility for administration of the Trust's finances, and the main financial responsibilities are prescribed in the Funding Agreement between the Trust and the Department for Education (DfE) and in the Academies Trust Handbook.

The main responsibilities include: -

1. Ensuring the grant from the DfE and other restricted funding is used for their intended purposes
2. Approval of the strategic and annual operating plans and budget, and any material changes
3. Ensuring a Scheme of Delegation is in place
4. Ensuring assets are managed effectively
5. Ensuring accurate accounting records are maintained
6. Ensuring the budget monitoring statements are a true and accurate record of income and expenditure
7. Approval of the Annual Report and Statutory Accounts

8. Appointments to key positions and roles relating to finance including the Accounting Officer, Chief Financial Officer, Independent Peer Reviewers, Accountants and Auditors
9. Approval of the Trust Finance policies and procedures and standing orders.
10. Approval of investment strategy and policy.
11. Monitoring and review of financial performance of the Trust and decision making on action required.
12. Approval of the Trust's systems of internal control.
13. Approval of the Trust's risk management strategy and twice-yearly review of major risks, health and safety reports, safeguarding and decision on action required. The CEO and CFO to present this to the Trust Board half yearly.
14. Decision making on any other matter or prospective transaction which might reasonably be expected to expose the Trust to significant reputational, business, financial, legal or other risk.

The Trust has defined the responsibilities of key committees and staff involved in the administration of Academy finances to provide a framework of accountability for Governors and staff. The Committees that have responsibilities relating to the Academy finances are as follows:

1. The Trust Board
2. Finance and Resources Performance Committee
3. Audit and Risk Committee
4. People and Pay Committee

The main responsibilities of these Committees are set out in written terms of reference approved by the Trust Board. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the MAT finances.

### **3.3 Finance and Resources Performance Committee**

The main financial responsibilities of the Trust's Finance & Audit Committee are detailed in its Terms of Reference as set out in The Beckmead Trust Scheme of Delegation document, these include:

1. Initial review and recommendation to the Board of Trustees of the annual budget;
2. Regular monitoring of overall actual expenditure and income against budget;
3. Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
4. Authorising the award of contracts with a value over £100,000;

5. To review the finance policies and procedures of the Trust and where necessary make recommendations to the Board of Trustees;
6. Making and reviewing a contingency and business continuity plan setting out what the Trust would do to ensure its continued operations;
7. Ensuring the Trust has adequate insurance cover;
8. To have oversight and make recommendations on the investigation of any financial system failures, instances of fraud and corruption and any other financial irregularities
9. To inform the governance statement that accompany the Trust's annual accounts and, so far as is possible, provide assurance to the external auditors.

### 3.4 Audit and Risk Committee

#### Audit and Risk Committee

The purpose of the Audit and Risk Committee is to provide assurance to the Board on the Trust's risk management arrangements, and that risks to internal financial control are being adequately identified and managed across the Trust and in its individual academies.

1. The Board of Trustees has given delegated responsibility to the Audit and Risk Committee to:
2. Oversee the Trust's internal control framework, including financial and non-financial controls and the management of risks for the Trust and its constituent academies.
3. Review the effectiveness and appropriateness of the Trust's financial and non-financial controls and reporting arrangements and monitor their implementation to confirm they are being carried out appropriately.
4. Monitor and review the Trust's risk registers and the processes and checks required to identify and manage the risks to the Trust.
5. Agree annually a programme of assurance testing to be carried out by the Trust's external auditors and a programme of internal audit.
6. Monitor and review the external and internal audit programmes, receive reports from those carrying out the work, review the appropriateness of management's response to those reports, and monitor implementation of action in response to them.
7. Review reports received from and required to be submitted to third parties including the DfE related to assurance and risk.
8. Provide assurance to the Board that the Trust and its academies are complying with its Funding Agreements and appropriate accounting standards and Financial Regulations.
9. Review the Trust's Annual Report and Accounts.
10. Report to and make recommendations to the Board on any of the above.

### 3.5 Chief Executive Officer – (Accounting Officer)

The Chief Executive Officer has overall responsibility for the Trust's activities including financial activities. The Funding Agreement requires the Trust to identify the Chief Executive as the Accounting Officer who is personally responsible to the Trustees for:

The Beckmead Trust CEO is the Accounting Officer who is personally responsible to the Trust and must: -

1. Ensuring regularity and propriety;
2. Prudent and economical administration;
3. Avoidance of waste and extravagance;
4. Efficient and effective use of available resources; and
5. The day to day organisation, staffing and management of the Trust
6. Assure the Board that there is compliance with the Academies Trust Handbook, the Funding Agreement and all relevant aspects of company and charitable law.
7. Ensure that bank accounts, financial systems and financial records are operated by more than one person with clear segregation of duties.
8. Ensure that all the Trust's property is under the control of the Trustees, and that measures are in place to prevent losses or misuse, including maintenance of adequate fixed asset registers;
9. Keep full and accurate accounting records; and
10. Ensure that monthly management accounts are prepared, giving an accurate view of the Trust's incoming resources, application of resources during the year, and the true position at the year-end, in accordance with existing accounting standards.

The CEO (Accounting Officer) has the duty to act if the Trust or Chair is contemplating a course of action, which he or she considers an infringement of propriety or regularity. Objections should be put in writing to the Trust and details sent to the Trust's external auditors.

The role of Accounting Officer includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to the 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:

1. **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.

2. **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
3. **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 Accounting Officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts. The Accounting Officer must also demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.

The Accounting Officer may delegate or appoint the CFO, Deputy CEO and COO to assist in these responsibilities and record this delegation.

### 3.5 Chief Financial Officer –

As contained in the Trust Handbook, all academy trusts must have an officer, appointed by the Trust’s board, who is the Trust’s Chief Financial Officer. Key roles are -

1. The preparation of the annual accounts
2. The preparation and monitoring of the annual budget
3. Technical accounting and procurement advice
4. Liaison with the Trust’s internal and external auditors
5. To play both a technical and leadership role in the Trust.

The Trust appoints the CFO to this role. Other duties of this position include:

1. The management of financial issues including the establishment and operation of suitable accounting systems;
2. The management of Trust’s financial position at a strategic and operational level in conjunction with CEO, Deputy CEO, Chief Operating Officer, Headteachers and Finance Manager.
3. The maintenance of effective systems of internal control;
4. Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
5. Ensuring the Trust’s month end procedure is followed to allow the overall position to be reviewed on a monthly basis and for full management accounts to be produced on a monthly basis.

6. Ensuring forms and returns are sent to the DfE in line with their reporting deadlines.
7. Signing cheques and authorising BACs or bank online payment runs in accordance with the Bank Mandate
8. Liaison with payroll and reconciliation of payroll data from the Trust's payroll service provider.
9. Management of the Trust Service Level Agreements and shared services contracts.
10. Authorising Purchase Orders for the award of contracts up to the amount allowed in the Scheme of Delegation which is stated in this document.
11. The approval of all pro-formas and documents in support of these procedures used on a Trust wide basis
12. The CFO may delegate or appoint the Finance Manager to assist in these responsibilities and record this delegation.

### **3.6 The Headteachers**

The Headteachers at each academy have overall responsibility for that academy.

The Headteachers retains responsibilities for:

1. Ensuring expenditure is controlled within approved budgets.
2. Approving new staff appointments within the authorised establishment.
3. Enforcing the application of these procedures within each Academy
4. Ensuring the CFO is provided with any financial or contractual information they request in order to discharge their duties
5. Authorising contracts and purchase orders requisitions up to the amount allowed by the scheme of delegation and stated in these procedures.

### **3.7 Delivering Assurance**

Checks and balances need to be put in place to ensure that the financial management arrangements within the Trust are monitored. The DfE (Department for Education) in the Academies Trust Handbook sets out several ways this can be achieved including the appointment of a Responsible Officer, Independent Peer Reviewer or Internal Auditor (IA).

The Trust elect to engage an Internal Auditor and/or Independent Peer Reviewer to undertake this function

The Internal Audit provider is appointed by the Trust and is intended to provide an independent oversight of the Trust's financial affairs. The main duty of the IA is to provide the Trust with on-going independent assurance that:

1. The financial responsibilities of the Trust are being properly discharged;
2. Resources are being managed in an efficient; economic and effective manner;
3. Sound systems of internal financial control are being maintained;
4. Financial risk is audited and mitigated; and
5. Business Continuity plans are robust

A programme of checks for IA will be agreed in order to provide the Trust and indirectly the Department for Education with the required assurance.

General areas for review will include, but will not be limited to, the following:

1. Review that bank reconciliations have been carried out each month
2. Review of monthly payroll to ensure that any changes have been appropriately authorised and agreed
3. Sample checking of orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised.
4. Sample checking of payments back to invoices, orders and delivery notes to confirm they are bona fide purchases.
5. Reviewing a sample of expense claims to ensure that appropriate documentation supports the claim and it is appropriately authorised.
6. Review returns to Department for Education to ensure the information supplied is consistent with the underlying records and internal management reports.
7. Carry out spot checks of petty cash balances and supporting vouchers
8. Review all major contracts and ensure formal tender procedures exist and are being followed correctly.

### **3.8 School Finance Manager**

Their main responsibilities will include: -

1. Day to day running of school finances
2. Oversight of any petty cash and procurement card accounts

3. Weekly banking
4. Oversight of Purchase order and invoice processing in line with agreed payment terms
5. Oversight of Raising debtor invoices in a timely manner and escalation to the CFO of any unpaid debts
6. Undertaking a monthly review of aged debtors and creditors reports
7. The updating and maintenance of financial records in finance system - PS Financials
8. Monitoring income and expenditure from reports produced in PS Financials to advise the Headteachers and budget holders on the current financial position
9. Complete a monthly bank account reconciliation and produce management accounts
10. Maintaining a contract register for each school
11. Arranging insurance cover through the framework advised by the CFO on an ad-hoc basis for areas not covered by risk protection arrangement (RPA) for academy trusts scheme Membership or Trust wide policies (Motor Vehicle, Overseas Travel, Engineering Inspections and Works of Art)
12. The maintenance of the Fixed Asset register

### **3.9 Other Staff**

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

### **3.10 Register of Business Interests**

It is vital that Members, Trustees and Governors are seen to act, impartially and are therefore required to complete a declaration of business interest's return. The Headteachers, Deputy Headteachers and other senior staff are also required to complete this declaration.

Declarations should include all business and pecuniary (monetary) interests such as Trusteeships, shareholdings and other appointments of influence within a business or other organisation. They should also include interests of related persons such as a parent, spouse, child, cohabit and business partner where that person could exert influence over a Trustee, governor or member of staff. This extends for Trustee to include the disclosure of any relations who are directly employed by the Trust.

The existence of a register of business interests does not of course detract from the duties of the Trustees, Governors and staff to declare interests whenever they are relevant to matters being discussed by any Board or a Committee. Accordingly, both direct and indirect conflicts of interests must be declared.



A direct interest is where he or she might gain a personal (usually financial) benefit and an indirect interest is where there is no direct benefit, but the person has a connection with another organisation that might gain, or a relative of friend who might gain.

Where an interest has been declared, that person(s) should not attend that part of the meeting and this should be recorded in the minutes.

The Trust will maintain a register for its Board of Trustee and each Academy shall also maintain its own.

It is the role of the Clerk to the Board of Trustees, and the Local Governing Board clerks to ensure the Register of Business Interests is up to date and that all meeting agendas have a declaration of interest item at the start of every meeting. Registers will be open to public inspection and published on the Trust's website.

### **3.11 Related Party Transactions**

The Trust will ensure that any 'related party' transactions entered are on a 'not for profit' basis that satisfies the requirements of the Academies Trust Handbook and will be disclosed in the financial accounts.

## **4. Financial Planning**

The Beckmead Trust must prepare a financial plan so to ensure the Trust's short-term and long-term financial health is sustainable.

The Executive Team will prepare both annual budget and medium-term financial plan for the entire Trust and provide guidance and support for budgets of the individual academies. These plans are prepared to inform the Trust's strategic development planning processes for the next 3 years. The Trust's Strategic Plan identifies the development plan priorities over the medium term and the expected level of resources available to meet these and any other cost pressures.

The Trust's Strategic Business Plan provides the framework for the annual budget. The Annual budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources during the year.

## **5. Setting the Annual Budget**

The Trust must have the Board approved balanced budget for the coming financial year and must minute the approval.

The budget process follows annual planning cycle which is set out in Appendix B.

The CFO, in liaison with the CEO, Headteachers is responsible for preparing and obtaining approval for the annual budget. The approved budget must be submitted to the DfE by the published timetable each year.

The CFO is also responsible for establishing a timetable which allows enough time for the approval process and ensures the submission date published by the DfE is met.

The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will detail how those resources will be utilised establishing clear links to support objectives identified in the School Improvement Plans for each Academy.

The budget planning process will incorporate the following elements: -

1. Forecasts of likely pupil numbers to estimate the amount of grant receivable
2. Review of other income sources
3. Review of past performance against budgets and associated cost pressures
4. Identification of potential efficiency and budget containment actions
5. Annual review of expenditure headings to reflect known changes and expected variations in costs e.g. pay increases, inflation or other anticipated changes.
6. Level of contribution to cover Central MAT Team services
7. Application of key metrics using ICFP principles

Once indicative annual budgets have been prepared by each Academy, they should be submitted to the Executive Team for an initial review. The draft budget should then be presented to Head Teachers, and the Trust's Finance and Resources Committee for comments and input before finally being approved by the Trust's Board. Once the budget is agreed this should be communicated to all responsible budget holders to ensure they are aware of their responsibilities and limits for the year.

## **6. Budget Management**

Trust's Finance and Resources Committee, Board of Trustees, and Headteachers, will receive quarterly budget monitoring reports on current spend against budget, a forecasted outturn position and a range of supporting financial performance ratios. These will be based on the monthly management accounts reports. Recommendations will be suggested regarding appropriate action to be taken to correct any significant variances against the agreed budget and plans formulated for consideration at the respective Local Governing Board.

The CEO and/or Headteacher may delegate elements of the budget to staff where this is appropriate in line with Trust Scheme of Delegation (see Appendix C). These budget holders must operate within the same objectives and controls as those agreed for the Trust as a whole. Delegated budget holders will be provided with enough information, including individual capitation reports, to enable them to perform adequate monitoring and control. Such budget holders are accountable to their Headteacher who are responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed effectively.

Any potential overspends against the budget must in the first instance be discussed with the CFO.

The Original Agreed Budget must be set in PS Financials and up-to-date changes monitored against a master budget which will record in-year changes. An audit trail of all virements made after the approval of the original budget must be made. Approved virement limits are as set out in Appendix C. Virements from non-staffing budgets to staffing budgets are not permitted without the written approval of the CFO.

## **7. Accounting System**

### **7.1 Financial Accounting System**

The Trust uses PS Financials Accounting System and all financial transactions must be recorded using this system. Access rights are defined for each user with a unique ID and password. Log in details must be kept secure and under no circumstances shared with other staff.

All financial transactions relating to the Trust's budget must be recorded using PS Financials. There must be a clear audit trail for all financial transactions from the original documentation to accounting records.

Financial records must be retained for 6 years in accordance with the Academies Trust Handbook.

Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded and authorised and that errors are identified.

All records should be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.

It is the responsibility of the Finance Manager to maintain the integrity of the Chart of Accounts within PS Financials in a format that efficiently supports the production and submission of information to discharge all statutory responsibilities. On this basis any requests for new nominal account codes within the system are to be submitted to the CFO for approval.

Business continuity procedures are maintained by remotely hosting the Trust's accounting system. This arrangement will be kept under review on a regular basis.

### **7.2 Transaction Processing**

1. All journal transfers and transactions in the Nominal Ledger will be processed by the the Central MAT Finance Team
2. Cash deposits will be made by the Central MAT Finance Team
3. Fixed Asset and depreciation transactions will be made by the Finance Manager
4. Purchase Orders authorised in accordance with agreed limits will be raised by the Central MAT Finance Team

5. Invoices will be processed ready for payment by the Central MAT Finance Team.
6. Sales Ledger & Purchase Ledger transactions will be processed by the Central MAT Finance Team.
7. BACS or commercial banking online payments should be raised by Finance Manager. There will be a weekly or otherwise Trust payment run with a requirement for two levels of approval. The first level of approval will be delegated to one of 3 nominated Finance who will carry out this function for the Trust. The second approval and payment release will be actioned by the CFO or Deputy CEO.
8. The CEO or Deputy CEO will review system reports to ensure only regular and proper transactions are posted to the accounting system.
9. The CFO will ensure monthly reconciliations in respect of the sales ledger; purchase ledger, payroll, nominal ledgers and cash books are carried out by the Finance Manager.

## **8. Payroll**

The main elements of the payroll system are:

1. Staff Appointments
2. Payroll administration
3. Payments and monitoring

### **8.1 Staff Appointments:**

Each academy approves a personnel establishment for the Trust which is known as the Staffing Structure. Material changes to the Staffing Structure of the Trust may only be approved by the People and Pay Committee who must ensure that adequate budgetary provision exists for any establishment changes and after the required period of consultation with unions and staff.

The Headteacher has the authority to appoint staff within the authorised staffing structure. The HR team will maintain personnel files for all members of staff, which include contracts of employment.

In addition, for Trust wide appointments the Trust must notify ESFA of:

1. the vacating or filling of the positions of Chair of Trustee, Accounting Officer (CEO) and Chief Financial Officer (CFO), including direct contact details
2. the appointment of all Members and Trustees

This must be notified within 14 days of any change which must be made through ESFA's Information Exchange.

## **8.2 Payroll Administration**

The Trust's HR support and payroll functions are outsourced to Juniper and Liberata UK Ltd respectively.

All Payroll transactions relating to the Trust staff, permanent or casual, will be processed through the payroll system.

All new appointments, leavers, changes to contracts or personal details are notified to HR and Payroll on the appropriate form.

Forms should be completed by the HR team, notified to the Central Executive Team and signed by the authorised person. In the case of changes to the Headteachers salary, forms should be signed by the CEO (Copies should be retained on the employees personnel file and the original sent to HR and Payroll).

All personnel files shall be stored in a lockable cabinet. Only the the HR and Executive Team will have access to staff files but individuals can request to see their own files in line with GDPR.

The HR team are responsible for keeping their respective staff personnel database up-to-date and inform the CFO and Finance Manager of any changes which will affect the current budget.

Leaver and starter forms will be completed by the HR promptly.

## **8.3 Payments and Monitoring**

All salary and indirect employee expense payments will be made by BACS.

Initial input of any changes to payroll data should be undertaken by but the HR team checked and signed by the Headteachers and/or COO for accuracy. (Retain evidence of this for audit purposes)

The payroll provider will then submit payroll reports (the RUN1 or 1<sup>st</sup> Dummy Payroll Report) prior to salary payments being dispatched detailing costs and individual's payment details. The HR team will then:

1. Undertake an overall sensibility and reasonableness check in comparison to the previous month's payroll
2. Check a sample of 3% or 1 individual payslip files per Academy and verify that the gross pay, deductions and net pay are correct (retain evidence of this for audit purposes).
3. Detail any amendments that are required to be made to the 1<sup>st</sup> dummy payroll Report
4. Sign to verify all the above and obtain the Headteacher's and/or COO's authorisation either by them signing a hard copy or via e-mail conformation (retain evidence of this for audit purposes)

The RUN2 or Main payroll report which is a final confirmation of what will be released for payment will then be received for information after which no more amendments can normally be made.

The payroll system automatically calculates the deductions due from salaries to comply with current legislation. The payroll providers are authorised as agents to make BACS payments from the Trust's Bank Account by direct payment for the amounts of the deductions to the following agencies: Local Government Pension Scheme, Teachers Pensions, Prudential Teachers AVC's (if any), Unison & GMB, HMRC and for Court Orders.

#### **8.4 Delegated Authority to the MAT**

The delegated authority over different categories of financial transactions is set out below from the DfE:

##### **8.4.1 Severance Payments**

If the MAT is considering making a staff severance payment above the contractual entitlement, it must consider the following issues:

1. Whether such a payment is justified, based on a legal assessment of the chances of the MAT 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
2. If the settlement is justified, the MAT 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 severance payments should not be made where they could be a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the former case would be where the claimant will win an Employment Tribunal claim because of employment law procedural errors. In the latter, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures.

If the MAT 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 cases reveal concerns about the soundness of the control systems; and whether they have been observed as expected. It is also important to take any necessary steps to put failings right.

Where the MAT is considering making a special staff severance payment or compensation payment above the contractual entitlement of £50,000 or more, prior approval will need to be sought from HM Treasury, via the ESFA, before any such payment can be made. The Trust in this situation should speak to the ESFA contact at the earliest opportunity to discuss.

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

1. statutory/contractual payment of £30k + enhancement of £30k = HMT approval not required;

2. statutory/contractual payment of £60k + enhancement of £30k = HMT approval not required; and
3. statutory/contractual payment of £30k + enhancement of £50k = HMT approval required for the £50k enhancement only.

## 9. Value for Money (VFM) and Competitive Tendering Procedures

All orders for goods and services are subject to the following rules concerning quotes and tenders below:

<b>Goods/Works/Services Estimated Value of the Procurement</b>	<b>Procurement Process</b>	<b>Approval process</b>
<b>£0 to £3,000</b>	To ensure best value, good practice is to obtain one verbal quote. Documentation to be held on file	School to arrange directly, ensuring that a Trust wide Contract is not already in place. Approval limits in Scheme of Delegation to apply.
<b>£3,001 to £5,000</b>	Obtain one written quotation. To ensure best value, good practice is to obtain more than quote. Documentation to be held on file	Approval limits in Scheme of Delegation to apply.
<b>£5,001 to £10,000</b>	Obtain two written quotations. Documentation to be held on file. Contract held centrally and detailed on the Contracts Register	Schools or Trust Central Team to arrange. Approval limits in Scheme of Delegation to apply.
<b>£10,001 to £30,000</b>	Offer the opportunity to at least 3 suppliers via three written quotations. Documentation to be held on file. Contract held centrally and detailed on the Contracts Register	Schools or Trust Central team to arrange. Approval limits in Scheme of Delegation to apply.
<b>£30,001 to £50,000</b>	Offer the opportunity to at least three Suppliers via formal tender process. Documentation must be held on file. Contract held centrally and detailed on the Contracts Register	Trust Central Team to arrange directly. Trust CEO to approve the award of the Tender
<b>£50,001 to EU procurement threshold</b>	Potential suppliers are invited to tender, through advertisement or through a restricted process in accordance with the specified	Trust Central Team to arrange directly. Trust FaRC or Board to provide approval to award the tender.

	reasons in section 14 below. Contract held centrally and detailed on the Contracts Register.	
<b>EU Spend Threshold and Above</b>	Advertised invitation to Tender. Procurement process to be run in accordance with the Public Contract Regulations 2015. Documentation must be held on file.	Trust Central Team to arrange directly. Trust Board or FaRC Committee provide approval to award the Tender.

Purchases over the EU Thresholds are by law subject to EU Public Procurement Directives for the advertising and Award of Contracts. Current limits can be obtained from:

<http://www.ojec.com/Thresholds.aspx>

## 9.5 Overall Values

It is important to note that these values apply to the estimated value of goods and services over the full period of any contract or agreement, so for example, a 3-year services contract of £50,000 per annum would be valued at £150,000 and necessitate a formal tendering process as set out in the Competitive Tendering Policy

## 10. Tender Processes

The tender processes are laid out in the competitive tendering policy.

### 10.1 Signing of Contracts

When a tender is accepted, and a contract is entered into on behalf of the Trust only the officers as nominated at Appendix E have the authority to sign a legally binding contract or agreement on the Trust's behalf.

### 10.2 Register of Contracts

Each Academy and the Central MAT team must maintain a contract register which is to be updated on a continuous basis. This should be in an excel format and must include the information as set out in Appendix E. This will aid with the planning and delivery of procurement decisions and obtaining value for money.

## 11. Purchasing

The Trust will aim to achieve best value for money for all its purchases ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable.

The CEO and the Central Executive Team are responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services by following the general principles of:

1. Probity – an approach to all interested parties in the disclosure of information that lends itself to necessary scrutiny.
2. Accountability – the process whereby individuals are responsible for their actions and decisions.
3. Fairness – that all those dealt with by the Trust are dealt with on a fair and equitable basis.

The CEOs and the CFO will ensure that there is a clear segregation of duties within each Academy's office and the Central Team to prevent one individual being able to undertake a complete transaction in isolation.

### **11.1 Orders for Goods and Services**

Authorised budget holders should raise a Purchase Order (Appendix G) request for goods or services to be signed by the Headteacher and emailed to the Central MAT Finance Team for processing on the finance system (PS Financials). It is a key internal control arrangement that the "purchaser" and "authoriser" are separate individuals in every transaction.

Where the value of an order is over £3,000 the Purchase Order must be accompanied by evidence of appropriate number of quotes or proof that VFM exercise has taken place – as per section 9 and 10. Purchase Orders should only be processed if the VFM documentation is present and correct. Advice about suppliers or obtaining best value is available from the Central MAT Finance Team.

Official purchase orders will be raised through PS Financials and e-mailed to the supplier. Ordering by telephone will only be permitted in emergency situations where raising an official order is not practicable and with prior approval from the Central Executive Team or Finance Manager. In such cases, a written confirmation order must be raised as soon as possible and normally within 24 hours.

The PS Financials finance system workflow is shown at Appendix G.

### **11.2 Delivery of Goods and Services**

On receipt of goods the person taking delivery should check the goods received and match the delivery note and sign the note to confirm this and pass the confirmed delivery note to Finance. In the event of no delivery note being available confirmation for receipt of goods/services must be emailed to the Central MAT Finance Team.

The Central MAT Finance Team will further check the delivery note against the original purchase order to ensure the correct goods have been dispatched and then attach the delivery note to the original Purchase Order form on the file. The Finance Team will raise any discrepancies with the supplier for investigation if any.

When the goods have been despatched to the budget holder or person responsible for the goods, the person must ensure that the goods received are of acceptable quality any rejected goods must be notified to the Central MAT Finance Team within 2 days of delivery.

The Central MAT Finance Team will put the goods received note on the system and when the duly validated invoice comes in then this should be checked. The Central MAT Finance Team then posts the GRN (Goods Received Note) in the finance system (PS Financials) to record the receipt of goods against the purchase order confirming it is wholly or partly complete.

## **12. Payment of Accounts**

### **12.1 Processing of Invoices**

Payment for supplies and services will be paid upon receipt of an invoice when:

1. It is confirmed that goods or services have been received and are of the quality expected as per section 11
2. The invoice is arithmetically correct and duly validated
3. Prices are correct
4. VAT has been treated correctly

No photocopied or faxed invoices will be paid but invoices sent electronically by email are acceptable.

At least two people must be involved in the process of agreed invoices and authorising payment. The Central MAT Finance Team will do the above checks and enter the invoices on to Finance System - PS Financials as soon as possible. Invoices that have a signed Purchase Order will be automatically processed for payment if the amount on the invoice remains within tolerance. For invoices received without corresponding Purchase Orders then Headteachers and/or those listed on the Scheme of Delegation will need to approve payment of the invoice. All instances of invoices received without Purchase Orders raised in advanced will be collated and shared. All invoices are then processed through PS Financials with payments generated via commercial online banking and authorised via a two-stage process as per the bank mandate.

Only in exceptional circumstances should payment be made by cheque.

Non-order invoices are posted directly to PS Financials. Non-order invoices are only permissible for the following items and any derogation from this list must be agreed in writing and in advance with the CFO:

1. Utility costs
2. Rent and rates bills
3. Refuse disposal and sanitary bins collection
4. Subscription and licence renewals

5. Supply cover
6. Exam staff and exam fees
7. Educational visit costs
8. DBS Clearance, recruitment screening and, occupational health fees
9. Payment against SLAs and contracts (i.e. photocopiers, security, catering, water fountains, payroll provider etc.)
10. Emergency building repairs, call charge invoices (i.e. fire/intruder alarm, lift or gas maintenance calls)

Changes to supplier bank account details or BACS – to prevent fraud changes to supplier bank account BACS details will only be made when the supplier provides a written request received on a letterhead, followed up by a phone call to confirm the change to the company concerned. Updates to the Supplier account can only be authorised by the Finance Manager and made by the Central MAT Finance Team. New suppliers will be added to the system following receipt of the the pro-forma attached at Appendix H and validation checks carried out. One Finance Officer must input the details into the system with the second performing an evidenced validation check.

### **Manual Cheques**

These may be used for petty cash top ups or exceptional circumstances and made under the rules and regulations set out elsewhere in this manual. The only cheque books within the Trust are held by the Central MAT Finance team.

### **12.2 Payments to individuals**

There are circumstances in which it may be appropriate for the Trust to engage an individual on an “off payroll” basis and the fact that an individual is engaged off payroll doesn’t mean that they are paying an incorrect amount of tax. However, when an individual is not on the payroll, it is not always clear to the Trust whether the individual is paying the right amount of income tax and National Insurance in relation to their role.

Examples of this include: -

1. self-employed and paying income tax and NICS via self-assessment;
2. supplied by an agency and on the payroll of the agency; or
3. working through a personal service company and genuinely in business on their own account, drawing the profits as salary or operating within the IR35 rules and thereby paying income tax and National Insurance contributions to HMRC

There is no requirement for a personal service company to operate PAYE on their income if income is not from a contract which would be one of employment if the worker was not engaged through a personal service company. Many people who work through personal service companies will choose to withdraw at least part of their profits as salary and pay the income tax and NICs associated with doing so. However, personal service companies can be used to disguise employment income and

provide the opportunity for the worker to avoid tax and NICs and therefore the government brought in the IR35 rules. There are 3 broad categories of off payroll workers as follows: -

1. Senior management – where the tax arrangements of individuals should not be open to question. Individuals should therefore be on the payroll, unless there are exceptional, temporary circumstances;
2. Long-term contractors – where the importance of such roles and the size of payment means that the Trust should have the right to assure themselves that income tax and NICs obligations are being met; and
3. Short-term contractors – where the potential for assurance needs to be balanced against additional burdens placed on the Trust and contractors, so it should not be compulsory for the Trust to place the right to seek assurance in contracts, though it may choose to do so.

The Trust will therefore operate the following rules when engaging any “off payroll” staff:

1. All workers, including consultants and those operating through personal service companies, who are not on the Trust’s payroll will be reviewed initially through the government’s

Employment Status Indicator tool (ESI) at:

<http://tools.hmrc.gov.uk/esi/screen/ESI/en-GB/summary?user=guest>

If they are deemed to be employees, then further advice must be sought from the Central Executive Team. These checks must be undertaken at the first point of service provision and then reviewed annually. Each arrangement must consider individually on its own merit and with consideration of the relationship with the Trust as a whole and not just individual schools within it.

2. All Board Members and senior officials with significant financial responsibility should be on the organisation’s payroll, unless there are exceptional circumstances – in which case the CEO (Accounting Officer) should approve the arrangements – and such exceptions should exist for no longer than six months;
3. Where the tool concludes a worker is not an employee of the Trust then engagements of more than six months in duration and for more than a daily rate of £220, should include contractual provisions that allow the Trust to seek assurance regarding the income tax and NICS obligations of the person engaged – and to terminate the contract if that assurance is not provided.

Where a worker is legitimately deemed to be self-employed then payments can be made to individuals on the production of an invoice.

The generated reference number from the ESI tool must be kept with the invoice. If the enquiry shows that the payment cannot be made to the individual via the invoice produced, the appropriate form should be completed, and the individual must be notified and subsequently paid through the Trust’s payroll provider.

Individual staff members can also be reimbursed for expenses incurred in the course of their duties via the payroll, providing where applicable, a valid VAT receipt is provided, and the expenditure was approved in advance via the requisitioning process. This can be an alternative to operating a petty cash imprest account.

### 13. Other Purchasing - Petty Cash

The Trust recognises that there are instances when it is not possible to process orders for goods and services in the normal way and cash may be needed for purchases and claimed back. It is the function of the Petty Cash Account to support this process. The petty cash process in PS Financials operates on an 'imprest' basis.

Petty cash claims are posted to PS Financials to debit the relevant cost areas. The credit is posted to the respective School Petty Cash Account.

Petty cash reimbursements are posted to PS Financials. A credit is posted to the bank account (where the cash is drawn from) and the debit side is posted to the appropriate Petty Cash Account.

The balance on the Petty Cash Account should reflect the amount held by respective school within the Academy in its cash deposit box.

Deposits into each academy's and/or school's petty cash account can only be made by a cash withdrawal from the Central MAT Team or by cashing a cheque on the Trust's bank account via the Central MAT. Deposits into petty cash from any other sources are not allowed.

The agreed maximum level of petty cash to be held by schools within the Trust have been set out below.

<b>Beckmead Family of Schools: -</b>	<b>£2,750</b>
1. Beckmead College	£500
2. Beckmead School (MOS)	£500
3. Chaffinch Brook Lower	£250
4. Chaffinch Brook Upper	£250
5. Bramley Bank	£250
6. Tharreo House	£250
7. The Beck	£20
<b>Beckmead Moundwood Academy</b>	<b>£250</b>
<b>Ropemakers Academy</b>	<b>£0</b>
<b>Roundwood Academy</b>	<b>£0</b>

Payments from petty cash are limited to amounts up to £100 cash advance for any single transaction which must be duly approved in advance by the Headteacher. Personal cheques are not cashed from the petty cash.

The Academy's Administration Officers will:

1. Ensure Petty cash is held securely
2. Limit reimbursements through petty cash to a maximum of £100 for any one claim and ensure all receipts have VAT separately shown.
3. Make reimbursements only on the 'Reimbursement to individuals' form
4. Reconcile Petty Cash on date of replenishment and on monthly basis
5. Make the petty cash available for checking at any time
6. Submit a consolidated claim form (See Appendix I) with all receipts attached for reimbursement through the Central MAT Finance Team where applicable.

**Note:** - Reimbursement of expenses over £100 will only be agreed in exceptional circumstances if approved in advance by the Headteacher and the budget holder. Examples of exceptional circumstances include breakfast club food purchases, postage and emergency fuel.

### **13.1 Special Working Advance**

Special working advance system normally arises in one off activity that is not a regular part of the School's petty cash system. Such advance arises with specific activities only, such as travelling, running a workshop and other related activities, where the cash required for carrying out such events would be above the petty cash maximum advance threshold (£100).

The Special Working Advance system has been arranged and adopted to enable the Schools within the Trust cope in times of high petty cash demand. Maximum cash to be advanced for this purpose is £300 for any given request.

### **13.2 All expenditure supported by receipts**

All expenditure from petty cash and special working advance must be supported by receipts, identifying any VAT paid. It is the responsibility of the recipient to ensure receipts are provided to the Administration Officer and all relevant documentation is signed by the Headteacher. If documentation is not signed upon submission of receipts to the Central MAT Finance team then petty cash for the Academy will remain closed until this has been resolved.

### **13.3 Proper accounting records kept**

Proper records are kept of amounts paid in and out of petty cash. All cash drawn and payments made are recorded on PS Financials which allocates a unique transaction number.

#### **13.4 Regular independent check on petty cash**

The amount of petty cash is checked monthly against the accounting records on PS Financials by the Central MAT Finance Team and reviewed by the Headteacher. A running total is automatically maintained on the Finance System (PS Financials).

#### **13.5 On-Line Purchases & Use of Procurement Cards**

It is recognised that on-line purchases will be made where it is more efficient and effective to do so and can demonstrate value for money. The Trust has arranged for Lloyds Bank “Corporate MultiPay Cards” and the cards have been issued to individuals (see Appendix k) for the purposes of paying for goods and services when the Trust prescribed normal ordering processes are not possible.

The procurement of goods and services using procurement cards should be kept to a minimum and follow all aspects of these financial procedures in respect of the approvals required prior to a purchase being made. The use of the card must be the last resort and they are not intended to replace substantive purchases or purchases that can be completed by more routine methods. For additional security and control, the Trust has also chosen to block certain types of transaction. For the avoidance of doubt this includes the preparation and submission of a Purchase Order in advance as per the “Ordering Goods and Services’ procedures above.

If purchasing goods or services using the internet, the Academy should only purchase from secure sites (those displaying “https” at the start and displaying a padlock symbol). Academies should not click on links to on-line shops in e-mails, as they may link to fraudulent sites, and addresses should be typed manually.

All Procurement Cards are held centrally by the Central MAT Finance Team.

The card transactions are recorded in PS Financials within the month end..

The Procurement Card Order Form (see appendix R) must be completed and duly authorised with the relevant underlying supporting documentation.

VAT rules still apply to purchases made using the card; therefore, VAT receipts must be requested. Some smaller traders may use third party payment agents (e.g. PayPal) who are unable to issue VAT receipts or invoices. Academies must ensure that they obtain a valid invoice / receipt from the supplier direct.

Receipts must be attached to the statement to show a clear audit trail. When orders are placed with the supplier an order confirmation will usually be displayed or an e-mail received together with the method of payment. This must be printed off and kept with the authorisation to purchase (along with all transaction documentation and associated e-mails).

The purchasing card should always be held securely and the PIN code not disclosed to any other party. No private or personal purchases must be made using these cards and all orders must be received into the respective Academy and not to a home address.

Wherever possible there should be a segregation of duties between those using the card and those responsible for reviewing and reconciling the statements. Where this is not possible this will be subject to oversight by the Finance Manager and internal audit.

To safeguard against the improper use of purchasing cards a limit has been set for each card holder for any single transaction as set out in Appendix K and **cash withdrawal is not permissible for any of the cards.**

### 13.6 Review of Aged Creditors

As part of the Trusts month-end procedure the Finance Manager is to run an aged creditors report and undertake the following actions:

1. Review any items not in the “current” column (i.e. those over 30 days)
2. Provide an explanation, by means of annotation, on all non-current items, including the action to be taken now, by whom and when
3. Add the report in the online month-end file and retain for audit purposes

Please also see section 14.6 as this process needs to be undertaken for aged debtors.

## 14. Income

The main source of income for the Trust are the grants from the ESFA. The receipt of these funds is monitored by the Finance Manager and CFO who are responsible for ensuring all grants due to the Trust are collected.

### 14.1 Income collected by the Trust

The Trust may collect income from parents or the public for:

1. School Meals
2. Trips and residential visits
3. Book bags & Uniform
4. Breakfast & After School Club fees
5. Lettings

6. Reimbursements from various parties for activities in which the Trust plays an active role
7. Extended Schools Activities

All receipts are recorded in PS Financials with transaction reference number automatically generated. All cash and cheques must be held securely prior to banking and must be banked intact.

In PS Financials receipts can be posted as either Debtor receipts or Non-debtor/Nominal receipts.

### **14.2 Trips / Activities**

A lead teacher must be appointed for each trip and are responsible for budgeting for the trip and collecting the sums due and liaising with the lead teacher over amounts outstanding. There must be evidence that there is no intention to make profit from any trip or activity.

Although the Academies are operating a cashless system, and Cash/cheques sent in via pupils must be securely held and a receipt issued. The value of the receipt and the number of the receipt is recorded against the pupil making the payment.

### **14.3 Lettings**

The policy for lettings of premises is contained in the Trust's Charging, Remissions & Lettings Policy.

This will be reviewed annually and approved by the Trust's Board.

The Finance Manager are responsible for maintaining records of bookings for facilities and for identifying the sums due from each organisation. Payments must be made in advance for these facilities whenever possible and charges levied must be at least on a full cost recovery basis. An additional rate of return can be applied when operating in a commercial environment.

### **14.4 Bank Reconciliations**

In PS Financials the routine for the bank reconciliation process is as follows and will be undertaken each month by the Finance Manager: –

1. Statements can be downloaded from Lloyds Bank and use that to update the Cash Book.
2. The user reconciles the values held in the Cash Book to the bank statement entries.
3. Bank reconciliation summary reports are generated to support the bank reconciliation.
4. Reconciliation Reviewed and approved by CFO.

### **14.5 Debtors and liabilities**

All debts owed to the Trust should be generated in PS Financials to allow the debt to be formally recorded which requires generating an invoice to the customer (debtor). Debts under £1000 may be written off only with authorisation from the the CEO or CFO. Where a credit note is required to be

processed to offset a whole or part debt that has been raised, this must be approved by a separate individual who initially raised the customer invoice.

Debts over £1000 may be written off only with the approval of the Trust's Finance and Resources Committee.

The Trust may perform the following financial transactions up to the limits set out below and in line with DFE guidance:

1. writing off debts and losses, including any uncollected fines; and
2. entering into guarantees, indemnities or letters of comfort, excluding those relating to borrowing by the trust.

Limits:

1. 1% of total annual income or £45,000 (whichever is smaller) per single transaction;
2. cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements; and
3. cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified financial returns for the previous two financial years.

In relation to these limits:

1. the trust should always pursue recovery of amounts owed to it, including overpayments, or erroneous payments. In practice, however, there will be practical and legal limits to how cases should be handled the trust should only consider writing-off losses after careful appraisal, including whether all reasonable recovery action has been taken with the debtor, the trust's insurers, or the risk protection arrangement, and should be satisfied there is no feasible alternative the amounts for write-offs are before successful claims from an insurer or the risk protection arrangement Total annual income is defined as grant income as disclosed in the trust's last audited accounts. ESFA should be contacted if the trust has not yet published their first audited accounts

Before accepting liabilities by issuing guarantees, a letter of comfort or indemnity, the trust should secure value for money by appraising the proposal through assessment of the costs and benefits of relevant options. Academy trusts seeking ESFA approval for an indemnity should confirm whether it is covered by insurance or Risk Protection Arrangement (RPA).

**Special payments** - staff severance payments and compensation payments when made must comply with the limits set in the current Academies Trust Handbook.

Academy 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. Academy trusts in this situation should contact the DF who will liaise with the ESFA at the earliest opportunity to discuss.

The following debt recovery policy will be applied:

1. If payment has not been received 30 days after invoice the Finance Manager will issue a reminder letter asking for payment within 7 working days.
2. If payment is not forthcoming, a further reminder will be sent by the Finance Manager, requesting immediate payment or contact to arrange an instalment plan. This will include a threat will to put the matter into the hands of a nominated Solicitor if payment is not received within the next 5 working days.
3. If payment is not received after a further 10 working days and the debt is over £100, the CFO should be informed who will liaise with the nominated Solicitor who will be asked to pursue the debt with the customer (debtor) being notified accordingly.
4. Where the nominated solicitor subsequently advises the debt is non-recoverable then approval will be sought from the Trust's Finance and Resources Committee to write the debt off.
5. Debts of £1000 and less will be pursued without reference to the nominated Solicitor with any write offs authorised by the CFO being reported to the Finance and Resources Committee retrospectively.

#### **14.6 Review of Aged Debtors**

As part of the Trusts month-end procedure, the Finance Manager is to run an aged debtors report and undertake the following actions:

1. Review any items not in the "current" column (i.e. those over 30 days)
2. Provide an explanation, by means of annotation, on all non-current items, including the action to be now taken, by whom and when.

Add the report in the online month-end file and retain for audit purposes

Please also see section 13.7 as this process needs to be undertaken for aged creditors.

### **15. Treasury Management**

#### **15.1 Trust Banking Arrangements**

The Trust has appointed Lloyds Bank as the bankers for all funds. No separate school or private fund bank accounts can exist without the express written approval of the CFO. The opening of all bank accounts must be authorised by the Trust's Finance and Resources Committee.

#### **15.2 Cash Flow Forecasts**

The CFO and Finance Manager is responsible for preparing cash flow forecasts to ensure that the Trust is solvent and has adequate funds available to cover day-to-day operations and where possible

allow the investment of surplus funds in line with the Trust's Treasury Management Policy. These will be presented monthly.

### **15.3 Borrowing**

In line with funding agreements, the Trust must seek ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

The Secretary of State's general position is that academy trusts will only be granted permission for borrowing in exceptional circumstances.

### **15.4 Leasing**

There are two types of lease:

- **Operating leases** - these do not represent borrowing
- **Finance leases:** these are a form of borrowing

The Trust does not require ESFA's approval for operating leases except for some transactions relating to land or buildings.

The Trust must obtain ESFA's prior approval for the following leasing transactions:

1. taking up a finance lease on any class of asset for any duration from another party (borrowing)
2. taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
3. granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party

The Trust must ensure that any lease arrangement maintains the principles of value for money, regularity and propriety whether or not ESFA's prior approval is required. Academies should seek advice from the CFO if they are in any doubt over whether a lease involves an element of borrowing.

### **15.5 Reserves**

A minimum overall balance (cumulative and not annual) is to be maintained based on the Trust's estimated working capital requirements. This minimum level is to be maintained at 4% of annual GAG funding. Values based on this level will be advised annually to schools as part of the budget setting process each March.

In addition, it is allowable for each academy to carry forward unspent GAG funding to the next financial year. The ESFA previously set limits for the carrying forward of GAG but these have now been removed except in certain circumstances.

Where GAG carried forward from one financial year to the next is “substantial” then the respective academy must have a clear plan in place of how this money will be utilised for the benefit of pupils, for example, a long-term capital project.

Unspent GAG will be considered “substantial” if the cumulative balance to be carried forward exceeds 8% of annual GAG funding at the respective year-end.

## **15.6 Other Matters**

### **Services provided by sponsors and sponsor-related bodies**

The MAT must ensure that any contracts for services provided to their MAT Schools are properly procured and present value for money. The MAT must ensure that sponsor fees and consultancy rates included within contracts are reasonable, represent value for money and are good use of public funds.

### **Irregular or improper transactions**

Situations may arise where it may appear to the MAT to make sense to enter into a transaction which is irregular, improper or does not provide value for money. In these circumstances the MAT must seek prior, written permission from the ESFA. Such transactions may additionally require HM Treasury approval dependent on the nature of the transaction involved.

### **Managing surplus General Annual Grant (GAG)**

It is important that grant is spent as needed to avoid excess calls on Exchequer funding and public borrowing. The ESFA previously set limits on the amount of GAG that could be carried forward from one year to the next. These limits have now been removed so that academy trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long-term capital projects.

The DfE expects academy trusts to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that, if the MAT has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils.

The ESFA will also verify the sums of unspent funds when it checks the Trust’s accounts and highlight and report, to the relevant DfE Boards, any cases where it has serious concerns about a long-term substantial surplus with no clear plans for use.

## **16. VAT**

The Trust is registered for VAT in relation to its business activities. VAT returns will be submitted monthly using online VAT100 forms.

## **17. Fixed Assets**

As part of the month end procedures The Finance Manager will inform the CFO of any capital expenditure incurred during the period or receipts received. This will allow depreciation to be posted on a monthly basis for any new additions, and likewise be adjusted for any disposals, as part of the production of the Trust's monthly consolidated management accounts.

Academy trusts must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following transactions:

1. acquiring a freehold of land or buildings;
2. disposing of a freehold of land or buildings; and
3. disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally.

Academy trusts 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.

Academy trusts must ensure that any disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

Some property transactions may be novel or contentious and so require the consent of the Secretary of State on that basis.

### **17.1 Inventories**

It is the responsibility of each Academy's Premises Officer and Central MAT IT team to maintain an inventory of any item of equipment with an initial cost value of £200 in a form as set out in Appendix P.

Assets with an initial cost value of over £2,000 and an estimated useful life of more than one year will be capitalised and depreciated (see depreciation policy in section 17.3) in accordance with the Trust's Assets and Disposals Policy. Items with a value of under £1,000 can be disposed of or written off by the CEO, and items under the value of £100 can be disposed of or written off by the CFO.. Any disposals or write offs above this limit must be authorised by the Finance and Resources Committee.

All the items in the register and the inventory should be permanently marked as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. This check should be evidenced. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the CFO.

All disposals and write offs must be authorised in line with the limits above and recorded in writing.

The Director of Data and IT must also ensure any items of ICT or equipment which are loaned out on a temporary basis are updated immediately in the inventory and with the name of the individual or establishment this has been loaned to and with the date of return recorded as well.

## 17.2 Reporting responsibilities for disposals, write offs, leases and assets

In all transactions, irrespective of whether the Secretary of State's approval is required, the Trust will:

1. obtain relevant professional advice where appropriate, including that of their external auditor where necessary;
2. ensure that the decision represents value for money, and is justified as such;
3. agree internal delegation levels within the Trust; and
4. disclose aggregate figures for transactions in each of the relevant categories as a note to their annual accounts. In addition, separate disclosure is required in the annual accounts of each transaction at 17 above £5,000.

## 17.3 Depreciation

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.

The depreciation will be calculated on an annual basis for preparation of the end of year accounts.

Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and in such situations the Finance and Resources Committee will discuss these items on an individual basis.

Asset Class	Depreciation Method
Land	No depreciation
Buildings and Building modifications	2% (50 yrs) Straight line
Plant and Machinery	20% (5 yrs) Straight line with nil residual value
Furniture and Equipment	20% (5yrs) Straight line with nil residual value
Computer Equipment and Software	25% (4 yrs) Straight line with nil residual value
Assets Under Construction	These are not depreciated until the asset is brought into use.
Motor Vehicles / Minibuses	20% (5 yrs) Straight line with nil residual value.

The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register.

## 18. Insurance

The Trust must ensure that it has adequate insurance cover in compliance with its legal obligations or has opted into the academies risk protection arrangements (RPA) which is the position of The Trust. Not all risks are covered in the RPA though for instance:

1. Motor Vehicle

2. Overseas Travel
3. Works of Art
4. Engineering Inspections

## **19. Reporting to the Education & Skills Funding Agency (ESFA)**

The Trust is required to submit reports to the ESFA in the following areas#

1. Financial Management and Governance Self-Assessment (one off return within 4 months of conversion)
2. Budget Forecast Return Outturn
3. Budget Forecast Return 3 – Year
4. Land and Buildings Collection Tool
5. Financial Statements
6. Accounts Return

### **19.1 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 Governors' 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:

1. Incoming resources from all sources receivable in the period
2. Resources expended on all activities within the period
3. All assets and liabilities of the Trust at the balance sheet date
4. All cash received and expended within the period
5. Notes to the accounts

The Annual accounts must be submitted by 31st December.

## **20. Self-Assessment of Management and Governance**

The Board through the Central Executive team will ensure that annually a self-assessment is undertaken in order to provide the ESFA with an annual assurance on the adequacy of the Trusts arrangements for financial management and governance.

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

## **21. External Auditors**

The Trust Board has appointed Bishop Fleming as the Trust's external auditors. This appointment will be reviewed on a yearly basis. The appointment of Auditors must be approved by the Board.

A review of the Accounting Officer's statement must be included within the remit of the Trusts' external auditors. The auditor's conclusions on regularity will be addressed jointly to the trust and to the Secretary of State through the ESFA. The ESFA will draw formal assurance from this regularity audit. Further information is included in the Accounts Direction.

The MAT should arrange for on-going monitoring of the performance of the auditors to be undertaken.

## **22. Gifts and Hospitality**

The receipt of gifts or excessive hospitality can damage the Trust's reputation and as such caution must always be exercised. The Trust has a Gifts and Hospitality Policy that seeks to protect Trustees, Governors and staff from suspicion of dishonesty and regulates that they are free from any conflict of interest with respect to the acceptance or provision of gifts, hospitality, or any other inducement from or to suppliers of goods or services to the Trust or one of the academies.

A key element of the policy is that, in the interests of transparency, a Register of Gifts and Hospitality is to be maintained. Any Trustee, governor or member of staff who receives an offer of a gift or hospitality over the value of £25 must ensure this is recorded in this register, regardless of whether it is accepted or not.

When giving gifts, the Trust must ensure that the value of the gift is reasonable, the decision is fully documented, and has due regard to propriety and regularity in the use of public funds. The maximum value for gifts will be £50 in total and alcohol will not be permitted.

## **23. Fraud**

The Trust aims to be an honest and ethical organisation. As such, it is opposed to and seeks to minimise fraud and corruption by the way it conducts its business.

In order to minimise the risk and impact of fraud and corruption, the Trust's objective is to embed a zero-tolerance culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting.

Any instance of suspected fraud, corruption or financial irregularity must be reported immediately to the CFO who will, in liaison with the CEO (Accounting Officer), judge how the matter is investigated and whether to involve the Police.

The Trust must notify ESFA, as soon as operationally practicable based on its particular circumstances, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, must also be reported.

## **24. Whistle Blowing Policy**

Whistle blowing has been defined as: ‘the disclosure by an employee or professional of confidential information which relates to some danger, fraud or other illegal or unethical conduct connected with the workplace, be it of the employee or his/her fellow employees’.

Statutory protection for employees who whistle blow is provided by the Public Interest Disclosure Act 1998 (“PIDA”). The PIDA protects employees against victimisation if they make a protected disclosure within the meaning of the PIDA and speak out about concerns about conduct or practice within the school which is potentially illegal, corrupt, improper, unsafe or unethical or which amounts to malpractice.

The Trust has adopted a Whistle Blowing Policy that applies to all school staff including full and part time, casual, temporary, substitute staff and to individuals undertaking work experience in the Trust. It also covers Trustee, Governors and committee Members.

## **25. Charging and Remissions Policy**

### **25.1 General Principles**

The Beckmead Trust is committed to the general principle of free education. The Trust recognises the valuable contribution that a wide range of activities, including school visits, residential experiences and clubs, can make towards all aspects of pupils’ education. The Trust would accordingly wish to promote and provide as far as possible such activities as part of a broad and balanced curriculum for the benefit of pupils of the school.

### **25.2 Charges**

The Trust reserves the right to make a charge for the following activities which may from time to time be organised by the school.

Residential Activities held during school hours: charges may be made for the board and lodging element of those residential activities during school hours. Parents will be notified in advance of any such activities which the school proposes to organise and the estimated cost. Parental consent will be obtained for their children’s participation in any such activities for which a charge may be made.

Any charge for a particular activity will be calculated by reference to the actual cost of providing the board and lodging for each pupil; no other costs will be covered by the charge. Any remission arrangements for such activities will be at the discretion of the Trust EXCEPT in the circumstances described below.

Activities held outside school hours: the school will endeavour to provide a range of such activities from time to time. These will sometimes include day and residential experiences, and are known

generally as 'optional extras'. Charges may be made for these activities EXCEPT where they are provided to fulfil any requirements specified in the syllabus of a prescribed public examination or are required in order to fulfil statutory duties relating to the National Curriculum or to religious education in which case they are not regarded as optional extras as such and charges cannot be made. (Board and lodging charges may still however be made for any residential activities subject to the remission arrangements described below.)

Parents will be notified in advance of any 'optional extras' which the school proposes to organise and the estimated cost. Parental consent will be obtained if their children are to participate in any activities for which a charge may be made.

Any charge for a particular activity will be dependent upon the type of activity and its cost and the number of participants. This charge will not exceed the actual cost of providing the activity, divided equally by the number of pupils willing to participate. The cost of other pupils participating in the visit will not be included in the charge. The charge may however include an appropriate element for such things as:

1. the pupil's travel costs;
2. the pupil's board and lodging costs;
3. materials, books, instruments and other equipment;
4. non-teaching staff costs;
5. entrance fees to museums, castles, theatres, etc;
6. insurance costs;
7. the expenses only of participating teachers engaged on a separate contract for services to provide the 'optional extra'.

Any remission arrangements for such activities will be at the discretion of the Trust, *except* in the circumstances described below.

Materials and Ingredients: a charge will only be made for any materials and ingredients relating to activities taking place during school hours where parents have indicated in advance a wish to own the finished product, e.g. in home economics. Alternatively, parents may, in these circumstances, be asked to volunteer to provide the ingredients and materials prior to the activity taking place.

### **25.3 Remissions**

Where the parents of a pupil are in receipt of Income Support or Family Credit, the Trust will remit in full the cost of board and lodging for any residential activity the school organises for the pupil if the activity:

1. takes place within school hours or,
2. forms part of the syllabus for a prescribed public examination or fulfils statutory duties relating to the National Curriculum or religious education, irrespective of whether the activity takes place within or outside school hours.

Any other remission arrangements for a particular activity or pupil will be entirely at the discretion of the Trust. Any subsidy provided by the Trust will be met from the Academy funds at its disposal.

#### **25.4 Voluntary Contributions**

Nothing in this policy statement precludes the Trust from inviting parents to make voluntary contributions for the benefit of the school or in support of any school activity, whether during or outside school hours. Any contributions sought will be entirely voluntary and pupils will not be treated differently according to whether or not their parents make a contribution in response to any invitation.

#### **26.5 Breakages and Damage to School Property**

The Trust reserves the right to seek reparation from parents where their children cause breakages or damage to school property.

#### **26.6 Professional Services**

The Academy may charge a fee for professional services provided to outside parties by any member of staff. Such professional fees may be levied for advice, consultancy services and any materials provided.

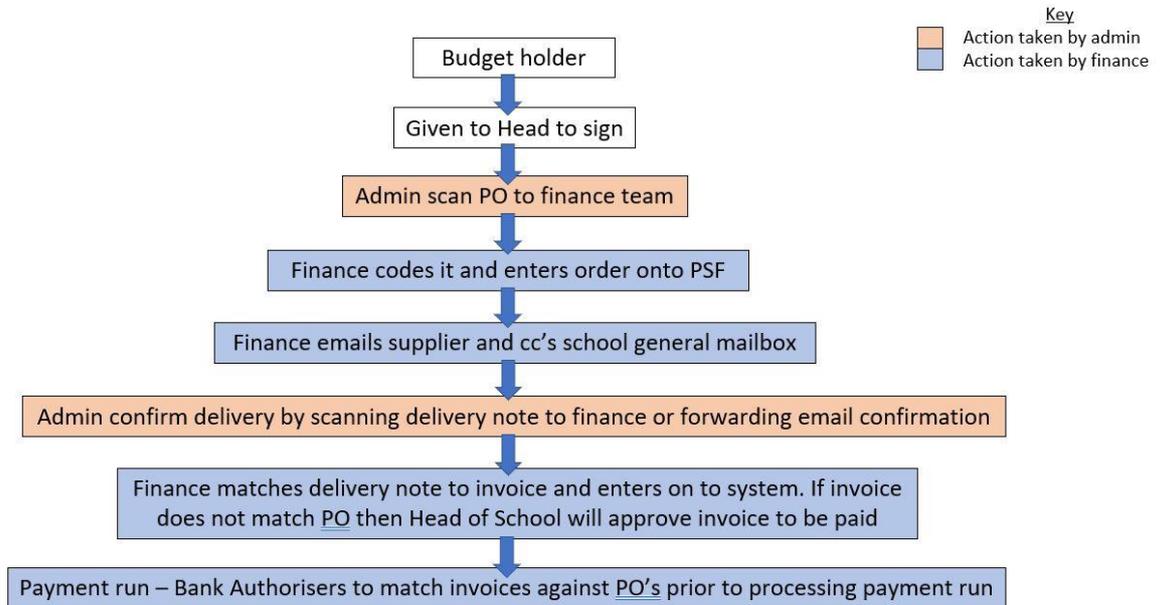
‘Out of pocket’ expenses, such as travelling costs, materials provided etc will be charged for at cost

The charging of fees must be agreed with the CFO or Headteacher in advance of time being expended and must be supported by a signed fee agreement.

#### **26.7 Review**

The Local Governing Body reserves the right to review and amend this charging policy statement from time to time, as appropriate.

## Appendix A



N.B: Finance will deal with queries and missing orders.

## Appendix B

Scheme of Delegation	Value	Trust Board	CEO	CFO	Deputy CEO	COO	Headteacher	Finance Manager
Budget approval and amendments		Approval	Approval	Approval	Approval	Approval	Approval	Approval
Virements	More than £100,000	√						
	Up to £100,000		√					
	Up to £30,000			√				
Purchase Orders and invoice approval	More than £50,000	√						
	Up to £50,000		√	√				
	Up to £30,000				√			
	Up to £10,000					√		
	Up to £5,000						√	
	Up to £3,000							√
Petty cash payments	Up to £100		√	√	√	√	√	√
Special working advance	Up to £300		√	√	√	√	√	√
Write off bad debts	> £1,000	√						
	< £1,000		√					
	Up to £100			√				
Staff hiring and appointments including severance	Budgeted vacancy		√	√	√	√	√	
	Unbudgeted Vacancy		√	√				
	Trust Leadership	√						
Journals	Recording/Adjusting			√				√
Disposal of Assets	> £500	√						
	< £500		√	√				
Capital programme/projects	Approval	√						
SLAs and contracts for individual schools	More than £50,000	√						
	Up to £50,000		√	√				
	Up to £30,000				√			
	Up to £10,000					√		
	Up to £5,000						√	
	Up to £3,000							√





## Appendix D

## PETTY CASH REQUEST



Please note:

1. All requests must be authorized by the head of school before money is given.
2. All transactions must have valid receipts—these should be returned promptly after the transaction is made along with any change.

Site:	Requested by:	Date:
Details:          <i>Please provide as much information as possible, including curriculum area (e.g. science) if applicable.</i>		Authorized by Head of School:          Date:

Amount requested:	Amount returned:
Signature:	Signature:
Date:	Date:

<b>FOR OFFICE USE ONLY</b>	
Petty Cash Number:	
Input by:	Date:

