



# Financial Procedures Policy and Scheme of Financial Delegation

Approved by Trustees:

18 July 2019

To be reviewed:

As necessary

Signed on behalf of the Trust Board:

*TV Grams*



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# 1. Introduction

1.1 Exceed Academies Trust (the Trust) was created under the provisions of the Academies Act 2010, as amended by the Education Act 2011. Its structure of governance is constituted under the articles of association. The Trust is an exempt charity by virtue of the Charities Act 2011.

The Funding Agreement between the Department for Education (DfE) and the Trust sets out the terms and conditions on which grant is made. The Trust Board is responsible for ensuring that the conditions of grant are met. As part of this process the Trust is required to have in place appropriate arrangements for sound governance, financial management, securing value for money and accounting, and for using public funds for the purposes for which they were intended by Parliament.

This document sets out the Trust's financial regulations. These financial regulations are subordinate to the Trust's articles of association and to any restrictions contained within the Trust's funding agreement with the DfE and with the Academies Financial Handbook. In particular, where the Education and Skills Funding Agency (ESFA) has concerns about financial management and/or governance in an academy trust (including a multi-academy trust or constituent schools within a multi academy trust) it may issue a Financial Notice to Improve (FNtl). The trust **must** comply with all the terms of an FNtl. If a FNtl is issued to the Trust, then all of the delegated authorities and other freedoms in the funding agreement are revoked and in turn the delegated authorities and freedoms in this document.

1.2 The purpose of these financial regulations is to provide control over the totality of the Trust's resources and provide management with assurances that the resources are being properly applied for the achievement of the Trust's aims and objectives on a sustainable basis, including:

- Maintaining financial sustainability
- Achieving value for money
- Fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- Ensuring that the Trust complies with all relevant legislation
- Safeguarding the assets of the Trust

1.3 Compliance with the financial regulations is compulsory for all individuals connected with or employed by the Trust. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Trust's disciplinary procedures. It is the responsibility of Executive Leaders/Principals/Headteachers/Heads of School to ensure all staff under their management are made aware of the existence and content of the Trust's financial regulations and understand how to operate within them.

1.4 The Trust Board is responsible for maintaining continuous review of the Financial Regulations, through the CFO.

In exceptional circumstances, the Chief Executive Officer (CEO) may authorise a departure from the detailed requirements of the approved financial procedures and scheme of delegation, such departure will be reported to the Trust Board at the earliest opportunity.

## 2. Organisation

### 2.1 Accountability Framework

The Trust has defined responsibilities for each person involved in the administration of Trust Finances to avoid the duplication or omission of functions and to provide a framework of accountability for members, trustees, school governors, and staff.

### 2.2 The Members

The Members of the Trust comprise of:

- The signatories to the Memorandum (founding members)
- Members appointed by existing Members

An employee of the Trust will not also be a Member.

The Members are responsible for appointing/ and removing (in certain circumstances) the Trustees of the Trust. Members can amend the articles and may do so to support stronger governance arrangements (subject to any restrictions in the articles or in the Trust's funding agreement or charity law).

The Members are responsible for appointing the Trust's external (financial statements and regularity) auditor, and they have a right to receive the annual report and financial statements.

The Members have the power to change the name of the company and, ultimately, wind up the Trust.

The Members are responsible for holding an Annual General Meeting (AGM), further (extraordinary) general meetings may be called by the Trustees or Members. The members will maintain an 'eyes on and hands off' role to avoid compromising the Trust Board discretion.

### 2.3 The Trustees

The Trustees (who are also directors of Exceed Academies Trust for the purposes of company law) are responsible for the strategic oversight of management and administration of the Trust but delegates management responsibilities through the Scheme of Delegation. The Trustees must understand their statutory duties as company directors set out in the Companies Act 2006. These comprise the duties to:

- Act within their powers;
- Promote the success of the company
- Exercise independent judgement
- Exercise reasonable care, skill and diligence;
- Avoid conflict of interest
- Not to accept benefits from third parties; and
- Declare interest in proposed transactions or arrangements

The Trustees will take full responsibility for the financial affairs and efficient use of resources to maximise outcomes for pupils. The Trustees and its committees will meet regularly enough to discharge their responsibilities.

The main financial responsibilities are to:

- Appoint the Chief Executive Officer (CEO) and hold him/her to account for the performance of the Trust. This role will formally include the designation of the Accounting Officer for the Trust;
- Appoint to the designation of Chief Finance Officer (CFO) in conjunction with the Chief Executive Officer;
- Appoint a clerk who is someone other than a member of the Trust Board
- Develop policy and strategic plans including target setting
- Agree policies for the sound management and administration of the Trust
- Allocate the Trust's financial, human and other resources
- Agreeing a development (improvement) plan
- Producing a Scheme of Delegation for the management of the Trust
- Ensuring compliance with legal requirements
- Ensuring sound management of the Trust's finances and resources
- Setting the Trust's standards of conduct and values
- Establishing and maintaining a transparent system of prudent and effective internal controls
- Accounting to parents/carers and other stakeholders for the performance of the Trust
- Approving arrangements for independent check of internal controls
- Avoid any conflicts which may influence their duties as Trustees of the Trust
- Prepare the annual report and accounts in accordance with relevant Company Law, Statement of Recommended Practice, and DfE guidance for presentation to members at their AGM
- Comply with obligations to make annual returns to Companies House and the Principal Regulator within the specified deadlines
- To approve the annual budgets proposed by the CEO
- To establish an Audit and Risk Committee and receive reports from External/Internal Audit including those relating to the effectiveness of financial controls and management

## 2.4 The Trust Board – Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Trust Board which reports to the Trust Board. It has the right of access to obtain all information it considers necessary and to consult directly with the internal and external auditors. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency, and effectiveness. It also has a role in reviewing the Trust's systems of internal control and risk management.

## 2.5 The Chief Executive Officer (CEO) (Accounting Officer)

The CEO is designated by the funding agreement as the Trust's Accounting Officer and is personally responsible to the Trust Board and Secretary of State for ensuring that the financial administration of the Trust's affairs is in accordance with the Funding Agreement and/or Articles of Association. This responsibility cannot be delegated. Particular responsibilities include:

- Ensuring regularity and propriety
- Ensuring prudent and economical administration
- Avoiding waste and extravagance
- Securing Value for Money through the efficient, effective and economical use of available resources
- The day to day organisation, staffing and management of the central Trust

In this capacity the CEO must advise the Trust Board if, at any time, any action or policy under consideration by them appears to be incompatible with the Funding Agreement and/or Articles of Association.

The CEO (accounting officer) must complete and sign a statement on regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts. The CEO (accounting officer) must also demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.

The CEO (accounting officer) must take personal responsibility for assuring the Trust Board that there is compliance with the funding agreement and Academies Financial Hand Book, and advise the Trust Board in writing if any action it is considering is incompatible with the articles, funding agreement or handbook and in circumstances where the Board cannot justify their action the CEO (accounting officer) will notify the ESFA immediately in writing.

The CEO must share all communications from the ESFA starting 'Dear Accounting Officer' with the Trust Board and other senior leaders.

## 2.6 The Chief Finance Officer (CFO)

The Trust Board must appoint to the designation of Chief Finance Officer (CFO). The CFO will be responsible for the Trust's detailed financial procedures. The CFO will play both a technical and leadership role including ensuring:

- The preparation of medium term/annual capital and revenue budgets and financial plans
- The preparation of monthly management accounts, management information, monitoring and control of expenditure against budgets and all financial operations for consideration by the CEO and Chair of the Trust
- The preparation of the Trust's annual accounts and other financial statements which the Trust is required to submit to the DfE/ESFA or other authorities
- The maintenance of satisfactory financial systems
- Professional advice on all matters relating to financial policies and procedures
- Day to day liaison with internal and external auditors in order to achieve efficient processes
- Day to day liaison with the Trust's bankers in relation to the Trust's bank accounts including authority to open/close accounts

## 2.7 External Audit

The external auditors will be (re-)appointed annually by the Members. A competitive tendering process will be undertaken at regular intervals (at least every three years) to inform this process.

The primary role of external audit is to report on the Trust's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with the Audit Code of Practice, Academies Financial Handbook and the Auditing Practices Board's statements of auditing standards.

In carrying out their audit work, the external auditors may choose to rely on the work of the internal auditors, in particular in assessing the Trust's control environment. Where this is the case, the external auditors will need to assess the scope and quality of the work programme carried out as part internal audit/check in order to assess whether they are able to rely on that work.

The external auditors need to come to a judgement on the work of those carrying out any internal checks, and for this reason, the internal checking function and external audit function should be clearly separated.

## **2.8 Internal Check (undertaken via supplementary work programme or Internal Auditor)**

The Audit and Risk Committee on behalf of the Trust Board will consider how arrangements for independent internal check will be met as part of a wider assurance framework. This may be through one of the following operations:

- The work of an internal audit service (in-house or bought in)
- The performance of a supplementary programme of work by the Trust's external auditor
- The work of a 'responsible officer' who will be a non-employed trustee (excluding the Chair of the Trust Board) and who neither charges nor is paid by the Trust for their work
- Completing the work by peer review (from a suitably qualified member of another Academy Trust)

The Trust Board will approve arrangements on recommendation of the Audit and Risk Committee. Those carrying out the independent check remain independent in their planning and operation but have direct access to the Trust Board, the CEO and the Chair of the Audit and Risk Committee.

## **2.9 Executive Leaders/Principals/Headteachers/Heads of School**

Executive Leaders/Principals/Headteachers/Heads of School are responsible to the Trust Board via the Chief Executive Officer for the financial management for budgets under their management responsibility.

The Executive Leader/Principal/Headteacher/Head of School are advised by the CFO in executing any financial duties.

The CFO will supervise and approve financial systems operating within individual schools including the form in which accounts and financial records are kept. Executive Leaders/Principals/Headteachers/Heads of School will ensure that the CFO is provided with such information as he/she may be required to enable:

- Compilation of the Trust's financial statements
- Implementation of financial planning
- Implementation of audit and financial reviews, projects, and value for money reviews

## 2.10 Other Staff

All members of staff throughout the Trust should be made aware of and have a general responsibility for the security of the Trust's property, for avoiding loss and for due economy in the use of resources.

They should also be made aware and understand how to operate within the Trust's financial authority limits and the values of purchases for which quotations and tenders are required as set out in the Scheme of Financial Delegation.

They shall make available any relevant records or information to the CFO or his/her authorised representative in connection with the implementation of the Trust's financial policies, these financial regulations, systems of financial control, or in order for requirements of the Trust Board to be met.

## 2.11 Other Financial Policies

The following other Financial Policies are also compulsory for all individuals connected with or employed by the Trust to be made aware of and have a general responsibility to safeguard the Trust against instances of Fraud, Bribery or Corruption:

- Anti-Fraud Bribery and Corruption
- Whistleblowing
- Conflicts Policy and Register of Business Interests

# 3. Accounting Systems

## 3.1 Financial Accounting System

All the financial transactions of the Trust must be recorded onto the Trust's financial accounting system – PS Financials.

## 3.2 System Access

Entry to the financial accounting system is password restricted and the CFO is responsible for overseeing access levels for all members of staff using the system.

## 3.3 Back up Procedures

The CFO is responsible for ensuring that there are effective back up procedures for the system as detailed in the Trust Information Security Policy.

### 3.4 Transaction Processing

All transactions input to the financial system must be authorised in accordance with the procedures specified in these regulations.

Detailed information on the operation of PS Financials can be found in user manuals held by the CFO.

### 3.5 Reconciliations

The CFO is responsible for ensuring at each month end that all items on the trial balance accurately reflect the current financial position of the school. This includes ensuring the following activities are undertaken:

- a bank reconciliation is undertaken between the bank balance on the nominal ledger to the bank statement
- the payroll journal entries are input, and entries and control accounts are reconciled to the latest payroll reports and any differences investigated followed by appropriate corrective action
- review of the balance on the sales ledger control account to ensure it reflects the outstanding income due from debtors and reviewing any aged debtors
- review of the balance on the purchase ledger control account to ensure it reflects outstanding payments due to creditors and reviewing any outstanding payments due
- review of the VAT control account to ensure that it reflects amounts claimed but not yet reimbursed from the HMRC and that appropriate rates of VAT have been applied.
- review of any other control account balances to ensure they are valid balances
- ensure manual accruals are entered to reflect significant debtors, creditors, receipts in advance, deferred income, or payments in advance
- ensure the coding of income/expenditure is reviewed during the month for appropriate coding entries and take corrective action where necessary

The Senior Trust Finance Officer will prepare and sign off all bank reconciliations and forward a copy to the CFO for review in accordance with the agreed month end timetable.

## 4. Financial Planning

### 4.1 Financial Planning System

All financial plans of the Trust must be recorded onto the Trust's financial planning system – HCSS. The approved annual budget is uploaded each August following approval by the Trust, and forecasts updated each month.

### 4.2 System Access

Entry to the financial planning system is password restricted and the CFO is responsible for setting access levels for CFO who will be responsible for administering access levels within their own school.

### 4.3 Back up Procedures

HCSS the software provider is responsible for ensuring that there are effective back up procedures for the system.

### 4.4 Financial Plans

The Trust and each school will prepare both short-term and medium-term plans.

The medium-term plan is prepared as part of the development planning process. The development plan indicates how the Trust and each school is going to achieve its educational and other objectives within estimated levels of funding over the next 3-5 years.

The development plan provides the framework for the annual budget. The annual budget is a detailed statement of the expected levels of funding available to the Trust and the planned use of those funds for the following year.

### 4.5 Development Plan (for each school)

The development plan is concerned with the future aims and objectives of each school and how they are going to be achieved; this includes matching each school's objectives and targets to the resources expected to be available. Plans should be relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

The form and content of the development plan are matters for the Trust Board to decide but due regard should be given to the matters included within the guidance to schools and any annual guidance issued by the DfE.

Each year the Chief Executive Officer will propose a planning cycle and timetable to the Trust Board which allows for:

- A review of past activities, aims and objectives – "did we get it right?"
- Definition or redefinition of aims and objectives – "are the aims still relevant?"
- Development of the plan and associated budgets – "how do we go forward?"
- Implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
- Feedback into the next planning cycle – "what worked successfully and how can we improve?"

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the CEO.

The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

#### 4.6 Annual Budget

Each Head of School is responsible for proposing the annual budget plan for their school in accordance with the Trust Budget Timetable to allow it to be formally recommended to the Trust Board for its approval.

The CFO is responsible for reporting the overall Trust Budget including those of individual schools to the Trust Board.

The CFO is responsible for establishing a timetable to ensure that the approved budget is reported to the ESFA by the required date and is accurately completed.

The annual budget will reflect the best estimate of the resources available to each school for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budget utilisation of those resources.

The estimates will include (but not restricted to):

- The General Annual Grant confirmed by the ESFA for the forthcoming academic year and based on the previous autumn pupil count.
- The Early Years funding estimated by the Local Authority for the forthcoming academic year based on previous termly counts of registered take up and any changes to nursery sizes
- The High Needs (SEN) top up funding from the Local Authority for the forthcoming academic year based on current pupil assessments and any leavers / starters
- Review of other income sources available to assess the likely level of receipts
- Review of current staffing establishment in light of pupil / curriculum changes, salary increases / inflation / contribution rates
- Review of the school contracts register and any non-contract spending to gain an understanding of non-staffing costs
- Review of past performance against budgets to promote an understanding of changes in the cost base
- Identification of potential efficiency savings and Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost.

#### 4.7 Balancing the Budget

Comparison of the estimated income and expenditure will identify any potential surplus or deficit in funding.

A school may set an in-year deficit budget for one-off use of surplus balances carried forward from previous years, however, it should have due regard to the Trust Board policy on levels of balances required to manage future risks and investment priorities.

A school may not plan to carry forward a cumulative deficit budget without prior approval from the Trust Board. Approval of a cumulative deficit budget would only be agreed in exceptional circumstances which could not be avoided or managed without a detrimental impact on the educational performance of the school and would include a repayment plan over no more than three years.

## 4.8 Finalising the Budget

The finalised budget plan will be formally recommended to the Trust Board. The finalised budget plan recommended will be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The CFO is responsible for ensuring that the proposed budget recommended to the Trust Board for each school is locked on HCSS (the budget planning software).

Once the budget is approved by the Trust Board then the Executive Leaders/Principals/Headteachers/Heads of School should ensure that it is communicated to all staff with responsibility for budget headings so that all relevant parties are aware of the overall budget constraints.

The CFO is responsible for ensuring that the approved budget confirmed back to Executive Leaders/Principals/Headteachers/Heads of School and loaded to the financial system (PS Financials).

## 4.9 Monitoring and Review

The CFO is responsible for preparing monthly monitoring reports to the Trust Board which details actual income and expenditure against the approved budget and any changes to the projected end of year position.

If the budget is overspending it may be appropriate to take measures to make savings and the Executive Leadership Team of the Trust will make appropriate proposals to develop and deliver these as appropriate.

# 5. Payroll

## 5.1 Main Elements

The main elements of the payroll system are:

- Staff appointments /variations
- Terminations
- Employer Pension Contributions (Superannuation)
- National insurance and tax deductions
- Payroll administration
- Payments

## 5.2 Staff Appointments

The Trust Board approves the establishment for the Trust by virtue of approving the Annual Budget Plan.

The Executive Leaders/Principals/Headteachers/Heads of School are responsible for staffing establishment changes under their management and ensuring that they are made within the constraints of current and future resources available. Each Executive

Leader/Principal/Headteacher/Head of School is responsible for ensuring that adequate personnel files are maintained for all members of staff in accordance with the Trust Records Management guidelines.

Contracts of employment are the responsibility of the appointed HR professional and will be signed by the appropriate leader. All contracts of employment are uploaded to the payroll portal supported by Dataplan – VERA.

### 5.3 Payroll Administration

The current payroll provider for all schools in the Trust is Dataplan.

All staff are paid on a monthly basis. For each establishment a master file is created for each employee which records:

- salary;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable.

New master files (via Smart Forms on VERA) can only be created by the Trust's central HR team with the express approval of the executive headteacher/headteacher/head of school.

Any master file amendments must be authorised by the executive headteacher/headteacher/head of school in liaison with the Chief HR Officer on the payroll system.

Payroll production requires the schools to comply with the necessary deadlines for the production of both the support staff payroll and the teachers' payroll. Instructions to the Trust's central HR team should be undertaken by the each school officer managers (or equivalent) in accordance with the timetable and following appropriate approvals.

Before the payroll is processed all data input shall be obtained and checked against source documentation by the Chief HR Officer. The Trust's central finance team should identify reasons for variances against each individual on the report which compares each individual current gross pay with the previous months gross pay.

### 5.4 Payments

After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total shall be obtained from the payroll provider. The print must be reviewed and electronically authorised together with authority to release payment by CFO or COO.

All salary payments are usually made by BACS but in exceptional circumstances cheques will be issued following confirmation of the amount from the school office manager and approval by the executive headteacher/headteacher/head of school.

The CFO should ensure suitable arrangements are in place to reconcile the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc.

The payroll provider will automatically calculate the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable shall be summarised on a gross to net pay print. Payments to the deducting organisations are made by BACS payment.

After the payroll has been processed the Trust's central finance team shall ensure the nominal ledger is updated by journal entry and before the month end close. Postings will be made to both the various payroll control accounts and to individual cost centres. The Trust's central finance team shall ensure the payroll amounts posted to the nominal ledger are reviewed each month to ensure the correct amounts have been posted and a reconciliation undertaken to cumulative pay to date. All payroll control accounts should balance to zero.

Any contract for the services of the payroll provider will be reviewed on a regular basis to ensure that the Trust is getting value for money and that the provider is giving adequate service.

## 6. Purchasing

### 6.1 Purchasing

The Trust must demonstrate the proper and effective use of public funds. The main requirements are:

- Probity – to demonstrate that all parties dealing with the Trust are dealt with on a fair and equitable basis and that there is no private gain, favouritism or corruption involved in any of the dealings of the Trust;
- Accountability – the Trust is publicly accountable for its expenditure and for the conduct of its affairs; and
- Value for Money – the achievement of value for money underpins the appropriate use of public funds.

6.2 Budget holders (such as subject leaders/department heads) will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage their budget and to ensure that funds available are not overspent. Full breakdown of budget, commitments and spend to date are accessible on PSF or can be provided on request by the Trust's central finance team.

### 6.3 New Suppliers

Requesting a new supplier should be done so by the member of staff raising the PO. A new supplier form should be fully completed and emailed to the Trust's central finance team. Any form not completed in full will be returned for missing information to be included.

Formal checks should be carried out by the Trust's central finance team on any new supplier before approving, these may include:

- Cost
- Risk
- Company House/Sole Trader Checks
- Convenience
- Social Responsibility
- Service
- Delivery
- Quality & safety

New suppliers are approved by the CFO within three working days. Once approved and entered onto PSF the requester will be notified and the order can be processed. The Trust's central finance team should send an 'Invitation to Engage' to the supplier, asking them to submit bank details, using the official request form.

#### 6.4 Requisitions up to £4,000 (inclusive)

Requisitions for goods must fully detail the items required, a price where known or quote if obtained, the nominal code/cost centre, and be signed as authorised by the budget holder or executive headteacher/headteacher/head of school and forwarded to the school office manager (or equivalent) to be entered on to PSF.

**Budget holders, Executive Leaders, Principals, Headteachers, Heads of School should not place orders directly with suppliers by email or telephone, unless in an emergency situation. An order should be entered as soon as possible after the event in this case.**

The budget holder will check adequate budgetary provision exists, obtain quotes and place the order through input onto the Trust's financial system.

At the end of each day the Trust's central finance team will send out by email all approved purchase orders to suppliers.

The Trust's central finance team will where available access the list of preferred suppliers from the ESFA listed Public Sector Buying Organisations. These suppliers will have already been subject to a procurement process to ensure value for money is obtained.

#### 6.5 Requisitions of over £4,000 but less than or equal to £10,000

Requisitions for goods must fully detail the items required, a price where known or quote if obtained, the nominal code/cost centre, and are signed by the budget holder or Executive Leader/Principal/Headteacher/Head of School and forwarded to the Trust's central finance team.

Requisitions between £4,000 and £10,000 must be authorised by the CEO of the Trust, where at least three written quotations have been obtained and best value for money has been selected.

Where the lowest quote is not selected it requires consideration for Value For Money and formal approval by the Trustees.

Purchase orders of over £4k will not be sent to suppliers until all quotes have been received by the Trust's central finance team who will save copies on PSF for audit evidence of the process.

#### 6.6 Requisitions over £10,000 but less than £50,000

All goods/services with a value over £10,000 or for a series of contracts which in total exceed £10,000 are not authorised to be ordered unless they have been approved by the Board of Trustees. Written requests must be made for approval by the Board and submitted to the Clerk to the Board.

#### 6.7 Requisitions over £50,000 but less than EU procurement thresholds

All goods/services with a value over £10,000 or for a series of contracts which in total exceed £50,000 are **not authorised to be ordered unless** they have been subject to formal tendering procedures. Purchases over certain levels may fall under EU procurement rules and require advertising in the Official Journal of the European Union (OJEU).

All procurement processes for requisitions over £50,000 will be led by the CFO who will seek final approval from the Trust Board following completion of the process.

#### 6.6 Forms of Tenders

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

**Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CFO how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

**Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the school's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- there is a lack of time to go through an open tender procedure

**Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances and where the above methods have

resulted in either no or unacceptable tenders, only one or very few suppliers are available, extreme urgency exists, additional deliveries by the existing supplier are justified.

## 6.8 Preparation for Tender

Full consideration should be given to:

- Objectives of the project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract

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

## 6.9 Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- Introduction / background to the project
- Scope and objectives of the project
- Technical requirements
- Implementation of the project
- Terms and conditions of tender and
- Form of response

## 6.10 Aspects to Consider

### Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure the tender price is the total price and that there are no hidden or extra costs
- Scope for negotiation

### Technical / Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

### Other Considerations

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- Pre-sales demonstrations
- After sales service
- Financial status of supplier.
- Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service.

#### 6.11 Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust/school. Tenders should normally be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and securely stored in the Trust/school prior to tender opening. Tenders received after the submission deadline should not normally be considered.

#### 6.12 Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Please contact the CFO for further information about how the process should be undertaken and who should be present for the opening of the tenders.

A separate record should be established to record the names of the companies submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

#### 6.13 Tendering Evaluation Procedures

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

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

The approval of tenders will be in accordance with the Scheme of Financial Delegation.

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

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

#### 6.14 Contract Management

Contracts for services must be monitored to ensure that the actual level of service meets the requirements set out in the contract specification.

### 6.15 Goods Received and Invoicing

The orders generated from the Trust's financial system will state the appropriate arrangements for delivery of goods to the school. On receipt of goods, a detailed check of the goods received against the goods received note (GRN) will be undertaken and a record made of any discrepancies between the goods delivered and the GRN. The supplier of the goods should be informed of any discrepancies without delay.

The financial system should be updated at school level to reflect the items received against the order as a GRN.

### 6.16 Invoices for Payment

All invoices should be sent to the Trust head office for processing by the Trust's central finance team. The team will perform a series of checks including:

- Correctly addressed to the trust or one of the schools within the trust
- Unique invoice number
- Vat number if registered
- Date of invoice
- not already been paid,
- Matched to a PO,
- Correct date & period used
- BACs details match those on PSF
- Nominal & account codes checked,
- Scanned and attached to the PSF document posting

Payment to suppliers shall not be made until all of the above actions have been undertaken.

In the event of any queries arising the invoice will be placed in a query folder until resolved.

- 6.17 In certain circumstance Non Order Purchase Invoices (NOPIs) will be processed and will need to be authorised by the Headteacher via MyPortal. A scan of the invoice will be made available to view online before approval.

The Trust's central finance team is responsible for paying invoices in a timely manner. BACS payment runs should be produced every 3 weeks at a minimum; and authorised in accordance with the bank mandate or online banking authority. A BACS checklist should be used, signed and attached as a cover sheet for each BACS run. Only in exceptional circumstance should payment be made by cheque. The following process is used:

- A BACS file is created by the Finance Administrators ensuring the appropriate payment dates are used
- A pay-list is printed along with the identified invoices and further checks are made. Senior Finance Officer and CFO complete additional checks and approve at this stage. Any queries will be returned to the Finance Administrators.
- The media file is created by the Finance Administrators and uploaded to the bank by the Senior Finance Officer. Spot checks are made against the supplier bank details and approved as first approver. Final spot checks and approval is made by CFO.

- Remittances are sent via email to the suppliers
- A copy of the completed checklist and backing papers are scanned and attached in PSF.

6.18 Supplier statements received by the Trust's central finance team are checked against the supplier ledger and missing invoices are requested. Statements received in August prior to yearend are saved in the yearend audit file.

## 7. Purchase / Commercial / Credit Cards

7.1 Corporate credit cards are not considered to infringe the borrowing restrictions imposed on schools/the Trust providing any balance is cleared in full at the end of each month.

7.2 The executive headteacher/headteacher/head of school will be issued with a card. Any additional cards required must be requested for through the CFO and CEO. Each employee issued with a card must sign to confirm that they have read and understand the Trust's Credit Card Policy and Procedures. A copy of all signed confirmations will be retained by the trust.

All card purchases must be authorised in advance through a signed requisition by the budget holder and card owner including those made over the internet.

Purchase receipts will be returned from the card users to the office manager (or equivalent) as soon as is practicably possible. The office manager (or equivalent) is responsible for ensuring that all receipts are collected and recorded on the monthly log and submitted to the Trust's central finance team.

7.3 The monthly statement will be matched to the monthly log by the central finance team, statements and receipts will be scanned and attached onto PSF.

7.4 The card should be held securely at all times and the PIN not disclosed to any party other than the card holder.

## 8. Income

8.1 The main sources of income for the Trust/schools are through DfE/ESFA/LA grants. The receipt of these sums is monitored directly by the CFO and the executive headteacher/headteacher/head of school that are responsible for ensuring that all grants due are collected.

These sources of funds will usually be transferred directly into the school bank account by BACs transfer.

A remittance advice is usually sent to the school in advance of payment. On receipt of the remittance the anticipated income should be recorded on the financial system as a nominal receipt – direct to bank, ready for bank reconciliation. All remittance advice should be retained by the Trust's central finance team for inclusion in the year-end audit files.

8.2 The schools also obtain income from:

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- Pupils / Students – breakfast / after school clubs, milk, catering, trips, music tuition
- Public – lettings, use of facility, fund raising events

Cash receipts should be minimised through use of electronic payment methods being made available where-ever possible.

Any cash collected by schools should be banked via cash collection service set up by the trust. Cash and cheque collections should be arranged for appropriate intervals to ensure the levels of cash in the safe do not exceed insurable limits, but collection costs remain economical.

Income logs will be maintained by the school and submitted to the Trust's central finance team who will record the income on the PS financial system as a nominal receipt – paying in slip, or from regular Parent Pay reports as a nominal receipt – direct to bank.

### 8.3 Sales Invoices

The CFO is responsible for ensuring that sales invoices are issued where required using the financial system. Due regard must be given to ensure that VAT is charged where appropriate.

The CFO is responsible for ensuring a reconciliation of the Sales Control Account to the aged debtors report is undertaken on a monthly basis and for pursuing any outstanding monies due to the school.

### 8.4 Debt Recovery and the Write off of Bad Debts

Wherever possible, income due will be collected before or at the time of relevant sale or service provided. If this is not possible, a debtor's account (invoice) will be issued. All debts will be recorded, and non-payment will be followed up by issuing reminders as follow:

- 1st reminder - 30 days from date of account or in the case of lettings before the first letting commences.
- 2nd reminder - 60 days from date of account
- Final reminder - 75 days from date of account

The final reminder will threaten legal action if the account is not settled within 14 days. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:

#### **Returned Cheques**

In the case of returned cheques, the drawer will be contacted and instructed to pay in cash the amount of the cheque and any charges that the school has incurred.

#### **Write off of Bad Debt**

Where a debt remains unpaid for 12 months or more, all attempts of recovery have been exhausted, further recovery actions become uneconomical, and the individual amount is for less than or equal to £500 (£5,000 cumulative debts over a 12-month period) it will be written off by the CFO as part of the year-end processes.

For individual amounts in excess of £500 (£5,000 cumulative debts over a 12-month period) approval is also required by the Chief Executive Officer in consultation with the CFO.

## 9. Cash Management

### 9.1 Opening and Closing of Accounts

The opening and closing of bank accounts must be authorised by the Trust Board.

New Accounts are pre-authorised for schools where a funding agreement is agreed with the Department for Education.

Closing of former school fund accounts are pre-authorised for schools where this process has not been undertaken prior to conversion and should be undertaken as soon as possible following conversion.

### 9.2 Signatories

The authorised signatories to accounts are limited as follows:

- CEO
- COO
- CFO

### 9.3 Payments and Withdrawals

All cheques and other instruments authorising withdrawal from the Trust and school bank accounts must bear the signatures of two of the authorised signatories.

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

Cheque payments should be minimised, however, where required they shall be crossed "account payee only"

Cheques should not be pre-signed under any circumstance.

Unused cheque books should be stored securely in central trust administrative office.

### 9.4 Bank Reconciliation

The Trust Senior Finance Officer is responsible for ensuring that bank statements are reconciled at least on a monthly basis. Reconciling items should be resolved.

The bank reconciliation process is as follows:

- Run a bank reconciliation report from PSF
- Cross reference this to the bank statement

- Run a trial balance
- Ensure all figures match the bank statement
- All open items on the cash book and unreconciled items at the bank are investigated and cleared promptly.

The bank reconciliation shall be signed to confirm review and countersigned by CFO.

### 9.5 **Monitoring Cash Flow**

The CFO is responsible for forecasting and monitoring cash flow during the year to ensure that the school has sufficient funds available to pay for day to day operations. The CEO shall be notified at the earliest opportunity if potential shortfalls are foreseen during the year and cannot be avoided.

### 9.6 **Investments**

The opening and transferring of funds to investment accounts can only be undertaken by the CFO and within the written procedures and monitoring arrangements approved by the Trust Board following consideration of Charity Commission guidance.

### 9.7 **Petty Cash Accounts**

Each primary school has authority to hold a maximum petty cash balance of £200, Secondary schools £500 and AP Academies £300. Expenditure through petty cash should not exceed £30 on any one item and usage should be kept to a minimum where possible.

All purchases through petty cash should be pre-authorized by the Budget Holder or the executive leader or head of school.

The school office manager (or equivalent) is responsible for

- Ensure petty cash is held securely.
- Make reimbursements only on the Reimbursements to Individuals Form.
- In exceptional circumstances make cash available to staff in advance of a receipt being available. A cash advance form must be completed and signed by the budget holder prior to handing any cash to the member of staff. Receipts must be obtained and any remaining cash returned to reconcile the cash advance transaction.
- Reconcile petty cash monthly
- Ensure receipts are available for each claim.
- Make the petty cash available for checking at any time.
- Record all petty cash transactions as soon as possible.
- Submitting the Petty cash log to the Trust's central finance team each month

### 9.8 **Staff Reimbursements**

All staff reimbursements for expenses claims will be made monthly through payroll.

Expenses claim forms must be presented to the Executive Leader/Principal/Headteacher/Head of School with an attached VAT receipt for approval. These will then be submitted to the HR Officer who will process the claim through payroll.

## 10. VAT

- 10.1 The Trust is registered for VAT and is entitled to reclaim VAT on qualifying purchases through a quarterly VAT return.

Under legislation, VAT claims can be made on expenditure which supports the Trust's core business purposes.

- 10.2 A report is run for each of the academies within the Trust by the CFO, in order to provide the data necessary for the completion of the VAT reclaim form.

The Trust is eligible to reclaim the majority of VAT it pays on invoices from HMRC.

- 10.3 Where invoices relate partly to business activity and partly to non-business activity, only the proportion of the VAT relating to the non-business activity will be reclaimed.

- 10.4 On receipt of the reclaimed VAT from HMRC, the Trust's central finance team will review the remittance and confirm whether this equals the claim made. Any discrepancies will be investigated by the CFO immediately.

## 11. Remissions and charging

- 11.1 The Trustees are responsible for creating a Charging and Remissions Policy.

Each individual academy will act in accordance with the Trust's Charging and Remissions Policy at all times.

- 11.2 Charging is permitted for education provided out of school hours, unless it is within the requirements of the national curriculum or to fulfil statutory duties relating to religious education.

The Trustees, in conjunction with the CEO, can choose to remit charges wholly or in part.

- 11.3 The Trust may charge parents/carers for the cost to replace items broken, damaged or lost if it is due to pupil behaviour.

- 11.4 Payments for activities will be processed and recorded by the Trust's central finance team.

- 11.5 The delegated member of staff is responsible for ensuring that the charge is sent to the parents/carers. This is usually processed on the online cashless system against the pupil account.

- 11.6 The Trustees will review the Charging and Remissions Policy as necessary, seeking advice from the CFO where required.

## 12. Internal Financial Notice to Improve

- 12.1 The Trust Board may issue an Internal Financial Notice to Improve to an individual school where there is a cumulative deficit, a projected deficit, cash flow problems or other financial difficulties (such as inappropriate use of public funds), or inadequate financial governance and management.
- 12.2 The Internal Financial Notice to Improve will set out the actions the Trust Board will expect the School to undertake in order to address the underlying cause(s) of the Trust Board's concerns about the financial management and/or governance of the Trust.
- 12.3 If an individual school is subject to an Internal Financial Notice to Improve, all of the delegated authorities and freedoms set out in the Trust's financial regulations and scheme of delegation will be revoked in relation to the individual School.
- 12.4 The Trust Board will formally determine as part of the Internal Financial Notice to Improve:
- any levels of delegated authorities and freedoms that will apply during the period of the notice dependent on the circumstances of each school considered.
  - the actions that must be and continue to be undertaken in order for the Financial Notice to Improve to be removed and full delegated authorities and freedoms set out in the Trust's financial regulations and scheme of delegation returned.

## 13. Dispensation from Financial Regulations

- 13.1 The procedures set out in the Financial Regulations approved by the Trust Board should be followed at all times. However, there may be exceptional circumstances where a dispensation from the regulations are permitted including:

### **Emergency Action**

In the event of an emergency, the Chief Executive Officer and/or Chairman of the Trust Board are empowered to authorise all necessary actions. The Chief Executive Officer and or Chairman of the Board shall notify the CFO, in writing, of the circumstances and the estimated financial impact and report formally to the earliest Trust Board Meeting.

### **Operational Issues**

Where the Chief Executive Officer considers there are justifiable reasons for dispensing with Financial Regulations, they may do so, in consultation with the CFO. The circumstances must be reported formally to the earliest Trust Board Meeting.

## 14. Scheme of Financial Delegation

	EFSA	Trust Board	CEO	CFO	Executive Leader/ Principal Headteacher/ Head of School	Nominated Budget Holder
To receive the annual budget (in the context of the 3-5 year forecast) proposals for consideration and recommendation to the Trust Board [para 4.6]			✓	✓	<A	
Approve the annual budget plans [para 4.8]		✓	<A	<A		
To consider monthly budget monitoring reports including variances between actual and approved budget year to date, projected outturn and approved budget, including narrative explaining the reasons for variances [para 4.9]		✓	✓	<A		
Any policy and arrangements for Pooling (exc PFI) of funds		✓	<A	<A		
Reserves Policy and taking actions necessary to support the achievement of the policy.		✓		<A		
Authorise requisitions for processing as orders (generated through PSFinancials) to suppliers for up to and including £4,000 for goods and services within budget [para 6.4]					✓	✓
Authorise requisitions for processing as orders (generated through PSFinancials) to suppliers for between £4,000 and £10,000 following receipt of <u>three written quotes</u> and selection of <u>lowest cost provider being selected</u> [para 6.5]			✓ Where lowest cost selected			
Authorise orders (generated through PSFinancials) to suppliers for requisitions between £4,000 and £10,000(inc) following receipt of <u>three written quotes</u> and the provider is the most economically advantageous but is <u>not</u> the lowest cost [para 6.5]			✓ Where <u>not</u> the lowest Cost		<A	

	EFSA	Trust Board	CEO	CFO	Executive Leader/ Principal Headteacher/ Head of School	Nominated Budget Holder
Authorise requisitions for processing as orders (generated through PSFinancials) to suppliers for between £10,000 and £50,000 following receipt of <u>three written quotes</u>		✓	<A	<A		
Formal Tendering process undertaken in accordance with the Trust's Financial Regulations required for goods /services totalling between £50,000 and EU threshold and authorised by the Trust Board [para 6.6].		✓	<A	<A		
EU Tendering process undertaken in accordance with the Trust's Financial Regulations required for goods /services totalling over EU Threshold and authorised by the Trust Board [para 6.7].		✓	<A	<A		
Staff Severance/Compensation where non-statutory/non-contractual payment is less than £50,000 (approval required in advance)			✓			
Staff Severance/Compensation where non-statutory/non-contractual payment is £50,000 or more before tax (approval required in advance)	✓	<A	<A			
Ex-gratia payments	✓	<A				
Open/close bank accounts [para 9.1]		✓	<A	<A		
Any Two Signatures for cheques and other instruments authorising withdrawal from the Trust and school bank accounts [para 9.3]			✓	✓	✓	
Bank/sponsor loan, overdraft	✓	<A				
Credit cards (for business use, not personal use and paid in full each month) [para 7.1-7.4]. To be approved/operated in accordance with the Trust's Credit Card Policy and Procedures.			✓	✓	✓	
Authorise Petty Cash balances up to £200, Secondary schools £500 and AP Academies £300 [para 9.7]				✓		
Authorise expenditure through petty cash up to a maximum of £30 on any one item. [para 9.7]			✓	✓	✓	✓

	EFSA	Trust Board	CEO	CFO	Executive Leader/ Principal Headteacher/ Head of School	Nominated Budget Holder
Enter into insurance arrangements for land, buildings employee liability and other major risks		✓		✓		
Enter into insurance arrangements for trips, mini bus and other minor risks where a trust agreement has not been negotiated.					✓	
Granting a lease on land and buildings	✓	<A				
Take up a finance lease	✓	<A				
Take up a leasehold on land and buildings with lease term less than 7 years		✓	<A			
Take up a leasehold on land and buildings with lease term 7 years or more	✓	<A				
Take up an operating lease more than 3 years			✓	<A	<A	
Take up an operating lease 3 years or less following consultation with the CFO				A>	✓	
Writing off debts and losses which exceed 1% of the Trust annual income or £45,000 individually, or 2.5% or 5% of annual income cumulatively	✓	<A				
Entering into guarantees, indemnities or letters of comfort which exceed 1% of the Trust annual income or £45,000 individually, or 2.5% or 5% of annual income cumulatively	✓	<A				
Write off unrecoverable bad debts of individual debtor less than or equal to £500 or cumulative debt across debtors in a twelve month period less than or equal to £5,000. [para 8.4]				✓	<A	
Write off unrecoverable bad debts of individual debtor in excess of £500 or cumulative debt across debtors in a twelve month period above £5,000. [para 8.4]			✓	<A	<A	

	EFSA	Trust Board	CEO	CFO	Executive Leader/ Principal Headteacher/ Head of School	Nominated Budget Holder
Acquiring a freehold on land and buildings	✓	<A				
Disposing of a freehold on land and buildings	✓	<A				
Disposing of heritage assets	✓	<A				
Disposing of assets (not land, buildings or heritage) above NBV of £500			✓	<A	<A	
Disposing of assets (not land, buildings or heritage) below NBV of £500.				✓	<A	
Supplies of goods/services to the Trust by a related party agreed on or after 1.4.19 for a contract exceeding £20,000	✓					
Supplies of goods/services to the Trust by a related party agreed on or after 1.4.19 which would take the total value of contracts with the related party beyond £20,000	✓					
Supplies of goods/services to the Trust if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same year	✓					