

Woodland Academy Trust
Finance Manual of Guidance

Owned by:	Trust Business Manager
Date of approval:	Autumn 2022
Approved by:	Executive Board
Date of next review:	Autumn 2025

Contents:

1. Introduction
2. Roles and Responsibilities
3. Financial Oversight
4. Related Party Relationships
5. Register of Interests
6. Accounting System
7. Financial Planning
8. Payroll
9. Purchasing
10. Requisitions, Orders and Invoice Processing
11. School Debit/Credit Cards
12. Income
13. Bank Accounts
14. VAT Submittals
15. Audit
16. Fixed Assets and Depreciation
17. Whistleblowing and Fraud
18. Cyber Crime

Woodland Academy Trust is committed to inclusion, diversity and promoting equal opportunity for all. All schools within the Trust share this commitment, providing an inclusive environment. This objective applies to all policies and procedures and the Trust will at all times adhere to the requirements of the Equalities Act 2010 and any other associated guidance.

1. Introduction

To enable our Trust to meet the requirements of the Academy Financial Handbook (AFH) and ensure that we are always effective in financial management and achieving best value, it is essential that there are clear policies and guidelines on processes and procedures involving budgets, procurement, payroll, income, and expenditure.

All staff who have any level of financial responsibility must familiarise themselves and understand the parameters that we operate within. There are a range of finance policies that explain the controls and processes to be followed and the financial thresholds that have been agreed – especially related to procurement. Key policies are accessible to all staff via the online Trust Compliance Management System. These include:

- Accounting Policy
- Competitive Tendering Policy
- Acceptance of Gifts and Hospitality Policy
- Charging and Remissions Policy

To complement the above policies, this Finance Manual of Guidance explains in more detail the processes and procedures set out in the above policies and aims to support staff in ensuring our schools get the most from our resources in the most efficient and secure way.

2. Roles and Responsibilities

Our finance model is school based, with each school operating a bank account and financial management system, procuring goods, paying invoices, and reconciling systems monthly.

The School Business Manager (SBM) with their Headteacher (HT) is responsible for ensuring that expenditure is kept within budgets, that the financial regulations and policies are adhered to, and that best value is always achieved.

The Trust also operates a bank account from which it is responsible for ensuring that all expenditure incurred on behalf of the schools is funded from the annual topslice of the school's General Annual Grant and/or pooled reserves. The Trust ensures that all expenditure is in line with the financial regulations and policies and that best value is always achieved.

The annual budget setting is led by the Chief Finance Operating Officer (CFOO) and Accounting Officer (AO) and supported by the Trust Executive Team. Preliminary work in developing the budgets will involve the SBM's and the HT's. Trustees have the final say on the annual budget and must approve the budget before it is submitted to the Education and Skills Funding Agency (ESFA) in late July each year.

The AO is responsible for:

- The Trust's financial affairs.
- Sharing the ESFA's 'Letter to academy trust accounting officers' with the Members, Trustees, the CFOO and other relevant stakeholders, arranging for it to be discussed by the Board of Trustees and acting, where appropriate, to strengthen the Trust's financial systems and controls.
- Achieving value for money and the best possible educational outcomes through the economic, efficient, and effective use of resources.
- Ensuring regularity when dealing with items of income and expenditure in accordance with legislation.

- Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour, and governance.
- Completing and signing a statement of regularity, propriety, and compliance each year and submitting this to the ESFA with the audited accounts.
- Keeping full and accurate financial records.
- The management of opportunities and risks.
- Assuring the Board of Trustees that the Trust is compliant with the AFH and the funding agreement.
- Informing the Board of Trustees, in writing, of any action or policy under consideration that is incompatible with the terms of the Articles of Association, funding agreement or the AFH.
- Informing the ESFA, in writing, where they have advised the Board of Trustees that they are in breach of the Articles of Association, funding agreement or AFH but the Board has continued with their actions.

The CFOO is responsible for:

- Delivering the responsibilities of the Chief Financial Officer for the Trust.
- Ensuring that the Trust's financial position is managed at a strategic level within the framework for financial control determined by the Board of Trustees.
- Ensuring that all financial matters focus on the wider needs of the Trust, rather than on any individual school.
- Working with internal auditors to provide assurance to the Audit and Risk Committee and Board of Trustees.
- Ensuring the annual accounts are properly presented.
- Challenging finance staff to ensure that value for money is routinely obtained.
- Ensuring effective financial policies are in place across the Trust.
- Liaising with the HT and SBM from each school regarding financial matters.
- Maintaining CPD and undertaking relevant ongoing training.

The Finance Committee are responsible for:

- The Finance Committee will have delegated powers to undertake financial scrutiny and oversight on behalf of the Trust Board to ensure the MAT is financially secure and complies with statutory financial reporting, the Academies Financial Handbook and Accounts Direction.
- The Finance Committee will consider the success of the Trust in managing its financial and estates resources to achieve maximum effectiveness and best value.
- The Finance Committee will report to the full Trust Board on the key outcomes and findings of their meetings.
- The Finance Committee will review and approve relevant statutory policies requiring Trustee approval.
- The Finance Committee must have a minimum of three Board of Trustees members to be quorate.
- The Accounting Officer, where a Trustee, may also be a member of the Finance Committee.
- The Chair of the Board of Trustees may attend to observe each meeting.
- The CFOO and other relevant senior staff will routinely attend the committee to provide information and participate in discussions.

The Audit and Risk Committee are responsible for:

- The Audit and Risk Committee is responsible for ensuring the MAT complies with statutory compliance regulations and monitors the integrity of the MAT's internal controls, compliance, and risk management.
- The Audit and Risk Committee will consider the key aspects of risk to the Mat and ensure appropriate actions are in place to ensure the Trust is a going concern.
- They will report to the Board of Trustees at the end of each academic year on how the Audit Committee has discharged its responsibilities to inform the Governance statement for the statutory accounts.
- The committee will review and approve relevant statutory policies requiring Trustee approval.
- The Audit and Risk Committee will report to the full Trust Board on the key outcomes and findings of their meetings.
- The Audit and Risk committee must have a minimum of three Board of Trustees members to be quorate.
- The Accounting Officer may not attend the Audit and Risk Committee meetings.
- The Chair of the Board of Trustees may attend to observe each meeting.
- The Audit and Risk committee review benchmarking.
- The MAT Compliance lead, the CFOO and other relevant senior staff may routinely attend the committee to provide information and participate in discussions

3. Financial Oversight

The Trust takes full responsibility for its financial affairs, stewardship of assets and use of resources to maximise pupils' outcomes.

The Board of Trustees meets at least three times a year. The Audit and Risk Committee meets at least three times a year. The Finance Committee meets at least three times a year. Where the Board of Trustees meets less than six times a year, it will explain in its governance statement how effective oversight of funds was maintained with fewer meetings.

The Board of Trustees does not delegate overall responsibility for the Trust's funds. The Board of Trustees approves a written scheme of delegation of financial powers that maintains robust internal controls. This scheme of delegation is reviewed annually, and immediately when there has been a change in the Trust's management or organisational structure.

The Board of Trustees delegates financial scrutiny and oversight to the Finance Committee, which can support the board in maintaining the Trust as a going concern.

4. Related Party Relationships

All relationships with related parties must be even-handed by ensuring that:

- Trustees avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements.
- All Members, Trustees, Local Academy Committee members (LAC), and senior employees have completed the register of interests.

- No Member, Trustee, LAC, employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust.
- There are no payments to any Trustee by the Trust unless permitted by the Articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State.
- Trusts must obtain ESFA's prior approval, using ESFA's online form, for contracts for the supply of goods or services to the Trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:
 - A contract exceeding £20,000.
 - One or more contracts of any value that equate to £20,000 or above with a related party in the same financial year ending 31 August.

For the purposes of reporting to, and approval by ESFA, transactions with related parties do not include salaries and other payments made by the Trust to a person under a contract of employment through the Trust's payroll.

5. Register of Interests

The Academy Trust's Register of Interests must capture relevant business and pecuniary interests of Members, Trustees, LACs of Academies within a MAT and senior employee's, including:

- Directorships, Partnerships, and employments with businesses.
- Trusteeships and Governorships at other educational institutions and charities.
- For each interest:
 - The name of the business.
 - The nature of the business.
 - The nature of the interest.
 - The date the interest began.

The register must identify any relevant material interests from close family relationships between the Academy Trust's Members, Trustees or LACs. It must also identify relevant material interests arising from close family relationships between those individuals and employees.

The Trust must publish on their websites relevant business and pecuniary interests of Members, Trustees, LACs, and the AO. The Trust have discretion over the publication of interests of any other individual named on the register.

Staff will be asked annually in early September to complete a business interest declaration which will then be collated by the governance lead. Members of governance will be asked to declare any business interests at the start of each meeting.

6. Accounting System

All the financial transactions of the Trust must be recorded on the approved accounting system (currently Sage Finance 200). The system is operated by the SBM for schools and TBM for the Trust and consists of:

- Income
- Expenditure
- General Ledger
- VAT control

- Payroll control
- GAG fund
- Restricted Fund
- Unrestricted Fund
- Capital Fund
- Fixed Asset Fund
- FRS17 Fund

Entry to the accounting system is via a secure app with access restricted to essential users and password controlled.

The CFOO and/or TBM are responsible for setting appropriate access levels for all members of staff using the system.

6.1 Back-up Procedures

Everything within Sage 200 is backed up to an SQL database on the Trusts company server. Before any key changes are made to the financial data, especially month end, year-end or if having a major Upgrade, the SBM, TBM or CFOO take a backup.

The risk of loss of accounting facilities or financial data will be assessed on the Risk Register. The CFOO will be responsible for ensuring that adequate systems have been put in place to mitigate those risks.

6.2 Transaction Processing and reports

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

The CFOO and/or TBM will obtain and review system reports to ensure that only regular transactions are posted to the accounting system.

6.3 Reconciliations

The CFOO and TBM are responsible for ensuring the following reconciliations are performed in the first week of each month either at Trust or school level and that any reconciling or balancing amounts are cleared.

Each school will reconcile monthly:

- Bank
- Payroll control
- Aged debtors and creditors

The TBM will reconcile monthly:

- Trust Bank accounts
- VAT control account per school

Any unusual or long outstanding reconciling items must be brought to the attention of the TBM.

School level monthly reconciliations will be reviewed and signed by the HT and CFOO or TBM. Trust level reconciliations will be reviewed and signed by the CFOO or Chief Executive Officer (CEO).

7. Financial Planning

The Trust prepares an annual budget plus a forecast for the following two years in line with the requirements of the AFH.

7.1 Annual Budget

The CFOO is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the CEO and the Trustees.

The deadlines for submitting a 3-year budget forecast return is 30 July.

The CFOO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date 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 are to be utilised. There shall be a clear link between the development plan objectives and the budgeted utilisation of resources. The CFOO will work in partnership with the HTs and the Executive Board.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of Department for Education (DfE) grant receivable where funding is driven by anticipated numbers.
- Review of other income sources available to the Trust to assess likely level of receipts.
- Review of past performance against budgets to promote an understanding of the Trust.
- Identification of potential efficiency and budget containment actions
- An annual review of expenditure headings to reflect known changes and expected variations in costs, such as pay increases, inflation, or other anticipated changes

7.2 Balancing the Budget

A balanced budget for the forthcoming financial year will be approved by the Finance Committee and ratified by the Board of Trustees, and this decision will be minuted. 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 the objectives identified in school development plans.

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

If shortfalls are identified, opportunities to increase income shall be explored and expenditure headings will need to be reviewed for areas where savings can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance.

If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

The Board will notify the ESFA within 14 days of its meeting if it is proposing to set a deficit revenue budget for current financial year, which it cannot address after unspent funds from the previous year are considered.

7.3 Revenue Balances

It is the policy of the Trust to carry forward a prudent level of resources designed to meet the long-term cyclical needs of asset development and renewal.

The Reserves Policy sets out the current plans for surplus balances.

7.4 Finalising the Budget

Once the different options and scenarios have been considered, a draft budget shall be prepared by the CFOO for approval by the CEO and the Trustees. The budget shall be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget shall be accompanied by a statement of assumptions. The budget shall be seen as a working document which may need revising throughout the year as circumstances change.

7.5 Monitoring and Review

Monthly management accounts will be prepared by the CFOO setting out the financial performance and position, comparing budget variances reports and cash flow forecasts with sufficient information to manage cash, debtors and creditors.

The management accounts will be shared with the Chair of Trustees every month and with all Trustees a minimum of six times a year. The Board will consider these when it meets and review budget variances more than £6,000 and the associated corrective actions.

The Board of Trustees will consider the management accounts when it meets and will ensure appropriate action is being taken to maintain financial viability. The Board of Trustees will select key financial performance indicators and measure its budgetary performance against these regularly.

Any potential overspend against the budget will be discussed with the CFOO before receiving approval.

The monitoring process will be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. The Audit and Risk Committee will continually monitor the quality of the financial information presented to them to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

The Trust will submit a budget forecast return (BFR) to the ESFA in accordance with their deadline.

The return will be approved by the Board of Trustees before submission to the ESFA.

Where the Board of Trustees has concerns about the Trust's financial performance, it will act quickly to ensure the Trust has adequate financial skills in place and consider whether additional financial reporting is required.

The SBMs will provide their HT and Budget Holders with monthly reports from Sage 200 giving details of expenditure and commitments against the approved budget.

The SBMs will review expenditure with the HT every month to ensure the budget does not overspend.

No orders may be approved which would cause the budget to overspend without prior approval of the CFOO.

Any potential overspend against the budget must in the first instance be discussed with the CFOO. If a budget overspend is forecast, it may be appropriate to vire from another budget or from the contingency.

Budget virements may be agreed by the CEO in conjunction with the CFOO if there is no change to the overall position of the budget.

8. Payroll

The main elements of the payroll system are:

- Staff appointments.
- Payroll administration.
- Payments.

8.1 Staff Appointments

The CEO has authority to appoint staff within the authorised establishments up to Deputy HT level.

The appointment for HTs and the CEO is the responsibility of the Board of Trustees.

The SBM maintains HR files for all members of staff which include contracts of employment under the guidance of the CEO with access strictly limited to authorised officials only and separately on the Arbor computer system, for which relevant registration under the Data Protection Act 2018 (GDPR) is held.

The CEO is responsible for ensuring that the Trust's pay policy is implemented.

The CEO is responsible for ensuring that the statutory obligations around the Safer Recruitment Policy and Procedures are administered and school staff will be responsible for maintaining accurate records of all staff employed at their school in a Single Central Record.

8.2 Payroll Administration

The Trust payroll is administered by an external payroll provider, Baxter & Co.

The Trust employs an in-house HR service supported with an external HR and Legal quick-call service.

The CEO and/or HT are responsible for authorising new starters, contract variations and temporary payments.

Overtime is recorded by the employee on Breathe HR system and reviewed/authorised by the CEO (for Trust staff) or HT (for their school staff).

The SBM is responsible for instructing the payroll provider RE: new starters, leavers, contract variations and temporary payments at school level and checking the payroll reports for accuracy.

The TBM is responsible for instructing the payroll provider re new starters, leavers, contract variations and temporary payments for all Trust central staff and checking the payroll reports for accuracy.

Adjustments to payroll data, e.g. appointments, resignations, pay changes and overtime, are made via the SBM on the relevant form or template, authorised by the HT at each school or the TBM in respect of Trust appointments, authorised by the CEO and uploaded to the Baxter online secure system. Baxter & Co. then action these adjustments.

The school level monthly payroll reports will be checked and validated by the SBM by comparing the payslip report to the previous month and paying particular attention to:

- New starter and leavers
- Overtime and absence deductions
- Maternity and sickness pay
- Contract variations
- Changes to tax codes (alerting the employee)

The Trust monthly payroll reports will be checked and validated by the TBM by comparing the payslip report to the previous month and paying particular attention to:

- New starter and leavers
- Overtime and absence deductions
- Maternity and sickness pay
- Contract variations
- Changes to tax codes (alerting the employee)

When checks are complete, the SBM will:

- Email the TBM and/or CFOO confirmation that the payroll is accurate.
- Evidence their payroll checks by ensuring the payslip report has been ticked against every employee.
- Print and sign the top page of the payroll report to confirm that all necessary checks have been undertaken.
- Scan and email the signed sheet to the TBM and CFOO.

When checks are complete, the TBM or CFOO will:

- Check all salary figures against the salary control record for all schools
- Email the payroll provider to release the Trust and School payroll for processing.
- Evidence their Trust payroll checks by ensuring the Trust payslip report has been ticked against every employee.
- Print and sign the top page of the Trust payroll report to confirm that all necessary checks have been undertaken.
- Arrange for the CFOO or TBM to countersign the front page of the final payroll reports.
- File the signed pages for all schools and Trust for audit inspection.
- Download and retain the final monthly payroll reports.

8.3 Salary Payments

All salary payments are made by BACS.

After the payroll has been processed and final salary reports issued, Sage 200 will be updated by the SBM. Postings will be made both to the payroll control account and to ledger codes. The SBM shall reconcile the payroll control account each month to the payroll reports.

The CFOO or TBM will update salary costings with actual salary costs monthly and will complete monthly checks to ensure that payroll has been reconciled.

On an annual basis, Human Resources will produce pay statements for all teaching and support staff as of 1 September and issued to staff by 31 October. Pay review recommendations are then given to the Pay Committee for discussion and authorisation. The CFOO will cost pay awards, incremental progression, and performance-led pay increases, using known figures and estimates, when preparing the draft budget.

The Trust has a responsibility for ensuring that all payments to individuals are subject to tax and National Insurance deductions where appropriate. To achieve this, the following guidelines should be followed:

- An assessment must be made as to whether the individual is providing a contract of service (i.e. employed) or a contract for services (i.e. self-employed).
- If considered to be a contract of service, the individual shall be set up as an employee of the school before receiving payment through the payroll.
- Where an individual seeks payment from the school for a contract for services, this must be in the form of an invoice.

Careful attention should be paid to repetitive payments to individuals.

Any payments made to a person/company which does not hold a valid Limited Company registration number must be subject to IR35 approval by the CFOO.

8.4 Special Payments

For the purpose of this policy, special payments include:

- Staff severance payments.
- Compensation payments.
- Ex gratia payments.

Where the Trust considers making a staff severance payment above statutory or contractual entitlements, the following factors will be considered prior to making the commitment:

- The proposed payment is in the interest of the Trust
- The payment is justified, based on legal assessment of the chances the Trust will successfully defend the case at employment tribunal
- The level of settlement is less than the legal assessment of what the relevant body will award

Under no circumstances will the Trust make severance payments where the money could be interpreted as a reward for insubordination or failure such as dismissal or gross misconduct. 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 Trust is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. It is also good practice to consider routinely whether cases reveal concerns about the soundness of the control systems; and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.

Compensation payments will take account of the facts of the matter ensuring value for money is achieved.

Where the Trust is considering making an ex-gratia 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 their ESFA contact at the earliest opportunity to discuss.

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

- Statutory/contractual payment of £40k + enhancement of £20k = HMT approval not required
- Statutory/contractual payment of £60k + enhancement of £20k = HMT approval not required
- Statutory/contractual payment of £60k + enhancement of £50k = HMT approval required for the £50k enhancement only.

9. Purchasing

9.1 Principles

The Trust adopts the following basic principles when procuring goods and services from public funds:

- Probity - it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust.
- Accountability - the Trust is publicly accountable for its expenditure and the conduct of its affairs.
- Fairness - that all those dealt with by the Trust are dealt with on a fair and equitable basis.
- Value for money - the Trust must be able to demonstrate that goods and services are of the correct quality, quantity and at the best price.

9.2 Roles and responsibilities

Trustees will ensure that:

- Spending decisions represent value for money.
- The Trust's funds are used in a way that commands broad public support.
- Relevant professional advice (such as an external auditor) is used, where appropriate.
- Goods or services provided by individuals or organisations connected to the Trust are provided at no more than cost.
- Nobody connected to the Trust, directly or indirectly, uses their connection to the Trust for personal gain.
- Where any Trustee has a pecuniary interest in a procurement decision, they will exclude themselves from the process and the records such as meeting minutes show that they had no influence on the decision.

The CFOO is responsible for:

- Ensuring appropriate financial governance and risk management arrangements are in place.
- Inspecting the Business Declaration of Interests Registers for conflicts in procurement.
- Overseeing best value in procurement.
- Overseeing and supporting competitive tendering and framework agreements for high value purchases.
- Managing Trust procurement for schools where best value can be obtained via group purchases.

The HT and SBM are responsible for:

- Ensuring that the purchase thresholds and procurement processes detailed in this policy are followed by budget holders.
- Ensuring that orders are raised on the financial management system where it is appropriate for a commitment to be recorded.
- Ensuring that best value is obtained when procuring goods and services.

9.3 Purchase thresholds

When determining thresholds, the value over the life of the contract or for the full scope of works must be used. Where a contractor is required to attend site with less than 48 hours' notice to deal with an urgent health and safety matter, a verbal price for any call out and hourly charges (if appropriate) must be agreed between the Premises Manager and the supplier.

Recurrent stock orders for cleaning, paper, curriculum, and office supplies should be placed with school suppliers where the Trust has agreed ongoing annual discounts.

Goods and services under £1,000 (excluding VAT)

Purchase orders should be raised for services or goods with a value up to £1,000. These invoices can be signed off by the HT, Deputy HT, SBM or CFOO.

Budget holders must check affordability from delegated budgets before goods are purchased and seek advice from their SBM as required.

Annual service contracts should be tested against value for money and quality of service before renewing with an alternative quote sought if appropriate.

Prices for equipment/IT hardware, toners and inks should be tested with two suppliers unless of a specialist nature.

Annual service contracts should be tested against value for money and quality of service before renewing with an alternative quote sought if appropriate.

Low to high-value purchase thresholds

Purchase levels are divided into the following:

- Low-value purchase: £1,000 - £9,999
- Medium-value purchase: £10,000 - £40,000
- High-value purchase: over £40,000, but below the EU threshold

9.4 Framework agreements

Where possible, the Trust will use a framework agreement to contract suppliers. These are arrangements that a contracting authority, such as a public sector buying organisation makes with suppliers. The benefits of frameworks are that they have already been through a competitive tender process, and they have favourable terms and conditions. In addition, the framework provider may offer advice and support.

Depending on the framework chosen, the Trust will either pick the best value supplier from a list or run a mini competition between listed suppliers. In either case, the Trust will follow the DfE guidance on procurement to ensure good practice. The reasons for the choice of framework, and for the choice of supplier, will be clearly recorded.

The CFOO has been delegated the authority to choose whether to use a framework agreement and which framework to use.

9.5 Procurement procedure

Low value purchase £1,000 - £9,999

At least two written or emailed quotes must be sought by the school unless the work/goods are of a specialist nature requiring a bespoke provider.

The decision on the successful supplier/contractor is the responsibility of the HT and/or SBM who will consider the recommendations of the budget holder considering both value for money and quality of product/service.

Where it is not possible to obtain alternative quotes due to specialism, a record must be kept with the order explaining the circumstances.

Medium value purchase £10,000 and £40,000

Approval must be obtained from the Accounting Officer (AO) and/or CFOO prior to entering into any agreement for services, works or equipment purchases of medium value.

HTs and/or SBM must email proposals for spend falling into this category at the planning stage including affordability.

The CFOO will be responsible for overseeing Trust wide procurement for works and service contracts and service level agreements that fall into this threshold.

Three formal written quotes based on comparative specifications shall be obtained for all construction works, services or goods. The Trust will engage with framework agreements where best value can be obtained.

Where it is not possible to obtain three quotes due to specialism or suppliers declining to quote, a record must be kept with the order explaining the circumstances.

Written details of documents obtained shall be prepared and retained by budget holders for audit purposes.

High value purchase over £40,000

The Trust will be responsible for the procurement of all construction works and non-construction service contracts of over £40,000.

10. Requisitions, Orders and Invoice Processing

The budget holder is responsible for obtaining a quote or price before any order is placed. The number of quotes will be determined by the financial value and nature of the goods/service, the higher the value the higher the need to prove best value and accountability.

Orders must be raised for all purchases except for the following supplies and services:

- Energy and water services
- Telephone and photocopier rental
- Bought in services where the actual cost cannot be determined in advance
- Services paid for by DD.

All orders must be raised using an official requisition form. Requisitions must clearly identify the supplier, the goods/service, quantity, and agreed price. The budget holder must sign the requisition to confirm the expenditure is appropriate and affordable. The requisition must be authorised following the guidance above in 9.3.

The authorised requisition will be passed to the SBM who will be responsible for entering the correct details on the finance system and generating an order. The order will be despatched to the supplier electronically.

All orders more than £10,000 before VAT must be scanned and emailed to the CFOO and/or the TBM for approval before the order is sent to the supplier. The email approval must be retained with the requisition.

The budget holder must make appropriate arrangements for the delivery of goods. No goods are allowed to be delivered to home addresses. On receipt, the relevant staff member must undertake a detailed check of the goods received against the delivery note. Discrepancies shall be discussed with the supplier of the goods without delay by the SBM. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the SBM should be notified.

All invoices shall be sent to the SBM who will match invoices with orders and requisitions where appropriate and arrange payment via BACS.

The invoice must be signed as 'confirmation that goods/services have been received' by the SBM on receipt of a delivery note. The delivery note must be attached to the invoice with a signature of a staff member who received and checked the delivery.

The invoice must be signed as 'authorised for payment' as below:

£0 - £9999 – One of: SBM, TBM, HT
£10000 - £39999 – One of: TBM, CFOO, AO
£40000 + - Chair of Trustees

The only exception to the above thresholds is as follows:

- Invoices for energy and water services
- Invoices for telephone and photocopier rental
- Invoices for catering bills
- Condition Improvement Fund Capital invoices

Capital projects financed by the Condition Improvement Fund are signed off by Chair of Trustees prior to the project starting. Any invoices relating to CIF capital projects must be authorised by TBM or the CFOO.

Once the invoice has been authorised, the SBM or Office Administrator will then input details of payments to be made to Sage and then the SBM will approve and generate the BACS run. The BACS payments and associated paperwork must be authorised by two of the nominated BACS approvers who should not be the person who has authorised the invoice.

BACS approvers may not authorise payments to themselves.

Remittance advices will be dispatched to suppliers by the SBM who will then save the invoice and remittance advice appropriately.

11. School Debit/Credit Cards

The SBMs hold a card for the school to make purchases online. There is a £1000 limit per month. The limit is for the whole school, so high purchases will not be made via this method.

Debit/credit cards linked to a Trust bank account are issued to personnel under the scheme of delegation to pay for goods and services when the normal ordering processes are not possible. The procurement of goods and services using debit cards will be kept to a minimum and monitored by the Trust's CFOO. School Debit/Credit cards will only be used for business expenditure. Credit card balances will be cleared before any interest accrues.

12. Income

The main sources of income for the Trust are restricted funds from the Education and Skills Funding Agency and the Local Authority which include:

- General Annual Grant
- Pupil Premium Grant
- Early Years funding
- High Needs funding.

The receipt of these funds is monitored directly by the CFOO who is responsible for ensuring that all grants and funds due to the Trust are collected. Evidence of receipt of grant income must be retained for audit inspection.

The Trust collects income from parents via several methods including, but not limited to, the following:

- School meals
- Trips and residential visits
- Childcare places
- Reimbursements from various activities

12.1 Lettings (refer to the Lettings Policy for the detailed procedures and charging policy)

The CFOO is responsible for identifying the sums due from each organisation.

The SBM will maintain records of booking facilities, produce an electronic receivables sales invoice and oversee the debt collection.

12.2 School Meals

The School Office is responsible for the management of school dinner money due from pupils and staff.

Arbor must be used to pay dinner money. All payments will be recorded on Arbor against the relevant pupil/staff account.

Arbor statements will be printed and banked as internet transactions. The banking will be reconciled by comparing the bank statement against the Arbor statement. This is then posted to Sage Finance.

Parents/carers can view regular statements of monies owing on Arbor.

Monitoring reports on the number of meals provided and monies owing will be provided to the SBM as required.

12.3 Debts

- The Head has authority to write off debts up to and including £250 after notifying the CFOO
- CEO/CFOO have authority to write off debts from £250 to £1000
- The Board of Trustees has the authority to write off debts between £1001 up to the ESFA limit in accordance with the AFH.
- The Academy Trust must obtain ESFA's approval for the following transactions beyond the delegated limits set out below:
 - 1% of total annual income or £45,000 (whichever is smaller) per single transaction.
 - Cumulatively, 2.5% of total annual income in any financial year per category of transaction for any trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new trusts that have not had the opportunity to produce two years of audited accounts.
 - Cumulatively, 5% of total annual income in any financial year per category of transaction for any trusts that have submitted timely, unqualified audited accounts for the previous two financial years.

In relation to these limits:

- The Trust will always pursue recovery of amounts owed to it, including overpayments, or payments in error where practical.
- The Trust will only consider writing-off losses after careful appraisal of the facts, including whether all reasonable action has been taken to effect recovery from 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 any 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.
- Before accepting any liabilities by issuing guarantees, a letter of comfort or indemnity, the trust should secure value for money by appraising the proposal through an assessment of the costs and benefits of relevant options.

12.4 Cash Management

In respect of the rare occasions where cash is collected such as charity collections, all cash and cheques must be kept in the School Office safe prior to banking. Banking shall take place at least monthly.

Monies collected must be banked in their entirety in the appropriate bank account.

The SBM is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to Sage Finance.

13. Bank Accounts

The opening of all accounts must be authorised by the Board who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

13.1 Income Deposits

Particulars of any income deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details shall include:

- The amount of the deposit.
- A reference, such as the number of the receipt or the name of the debtor.

13.2 Payments and withdrawals

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

This provision applies to all accounts, public or private, operated by or on behalf of the Board of the Trust. Authorised signatories shall not sign a cheque relating to goods or services for which they have also authorised the expenditure.

13.3 Reconciliation

The SBM must ensure bank statements are received monthly and that reconciliations are performed monthly. Reconciliation procedures must ensure that:

- Reconciliations are prepared by the SBM or TBM.
- Reconciliations are subject to an independent monthly review carried out by the Head.
- The Head and TBM/CFOO are presented with the following paperwork to review and ensure reconciliation is accurate; bank reconciliation from FMS, unreconciled payment listing from FMS, top page of bank balance, last page of bank statement and a Trial Balance report from FMS to reconcile all figures.
- Reconciliation must be signed off and dated by SBM and Head/CEO within 5 working days of the first of the month.

13.4 Cashflow and Investments

It is the policy of the Trust to maximise investment opportunities whilst ensuring that bank accounts do not become overdrawn.

Lloyds Bank TSB are the current bankers, and they provide a facility for High Interest Deposits to be made as internal transfers from the Current Account.

Higher interest deposit/fixed rate bonds should be used for any additional surplus of funds over and above what is needed to be retained to meet projected commitments plus one months' typical cash expenditure.

Fixed terms for investments should not exceed a one-year period and will ideally be fixed for a shorter period in most instances.

The Trust has robust procedures in place to manage its cash position and will avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.

The TBM and the CFOO will prepare cash flow forecasts to ensure that the trust has sufficient funds available to cover day-to-day operations. The TBM will record all transactions regarding cash flow for the schools and Trust. When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds.

Cashflow forecasts will be maintained by the CFOO to inform the investment process and to ensure that there is sufficient cash available to meet commitments.

13.5 BACS submittals

- The SBM will submit the BACS file from Sage to the Lloyds Banking System.
- Two BACS approvers must check and approve a BACS run
- The BACS approvers will:
 - Check the BACS report against the supporting invoices to ensure they match.
 - Check the BACS account numbers on the invoices match the account numbers on the Lloyds Banking System.
 - Approve the BACS on the Lloyds Banking System.
 - Sign the BACs run report and initial each invoice in the payment grid.

14. VAT Submittals

The Trust, and the schools within it are entitled to reclaim VAT on qualifying purposes through a monthly VAT return under the VAT126 criteria.

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

A report is run for each of the schools within the trust by the SBM, to provide the data necessary for the completion of the VAT reclaim form. VAT is reclaimed monthly.

The Trust is eligible to reclaim most of the VAT it pays on invoices from HMRC. Any invoices for which VAT cannot be reclaimed are identified and deleted.

The CEO or CFOO will authorise the VAT submittal claim.

On receipt of the reclaimed VAT from HMRC, the CFOO will review the remittance, confirm whether this equals the claim made and sign the remittance to confirm this agreement. VAT reimbursements are paid directly into the Trust Bank Account and then transferred to the relevant schools' accounts.

15. Audit

All finance procedures are subject to robust scrutiny and challenge.

The Trust complete internal audits to compliment the external audit programme and year end reporting requirements.

The Trust will follow a tiered approach to internal control, risk management and assurance processes comprising:

- Clearly communicated procedures, structures, and training of staff.
- Appropriate day-to-day supervision and checks by management.
- Internal scrutiny overseen by an audit and risk committee.
- External audit and assurance.

15.1 Internal scrutiny

Internal scrutiny will be conducted within the Trust and directed by the Audit and Risk Committee, alongside the work of an external auditor, to provide independent assurance to the Board that its financial and other controls, and risk management procedures, are operating effectively.

Internal scrutiny will focus on:

- Evaluating the suitability of, and level of compliance with, financial and non-financial controls, including assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed.
- Offering advice and insight to the board on how to address weaknesses in financial and non-financial controls.
- Ensuring all categories of risk are being adequately identified, reported, and managed.

The programme of internal scrutiny will be covered by a scheme of work, driven, and agreed by the Audit and Risk Committee, and informed by risk. The programme of work will be spread appropriately over the year to ensure higher risk areas are reviewed in good time. With reference to its risk register, the Trust will identify on a risk basis the areas it will review each year and modify its checks accordingly.

The Trust will submit its annual summary report of the areas reviewed, key findings, recommendations, and conclusions to the ESFA by 31 December each year when it submits its audited annual accounts. If requested, the Trust will also provide any other internal scrutiny reports.

15.2 External auditing

The Trust will appoint an external auditor to give an opinion on whether its annual accounts present a true and fair view of the trust's financial performance and position.

The contract with the external auditor will be in writing and be accompanied by a letter of engagement that only covers the details of the external audit including the requirements of the DfE. The letter of engagement will also include details of the removal of external auditors, before the expiry of the term of office, in exceptional circumstances. There will be a separate letter of engagement for additional services beyond the prescribed audit.

The Trust will retender its external audit contract at least every five years.

The Board of Trustees will notify the ESFA immediately of the removal or resignation of the auditors.

The AO will produce a statement on regularity, propriety, and compliance and this will be included in the trust's annual accounts. The statement on regularity, propriety and compliance will include a responsibility to ensure that:

- There is efficient and effective use of resources in their charge.
- Public money is spent for the purposes intended by parliament.
- Appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control.

The Trust will respond promptly, reasonably, and appropriately to any findings by the auditors. Audit recommendations are reported to the Board of Directors termly.

16. Fixed Assets and Depreciation

16.1 Fixed Asset register

The Fixed Asset Register consists of a list of items valued over £5,000 that are considered to have a life longer than the financial year in which they were purchased.

The Fixed Asset Register is reconciled annually and reported to the Board of Trustees.

Desirable and portable items of equipment that fall below the capitalisation limit of £5,000 are recorded on an inventory at each individual school. The SBM is responsible for overseeing the inventory in conjunction with the Premises Manager to ensure the inventory is reconciled to the current stock. This is completed annually and reported to the CFOO by the 31st December.

Discrepancies between the physical count and the register are reported to the CFOO promptly for further investigation. Any discrepancies over the value of £500 are reported to the Audit Committee at the next available meeting.

16.2 Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the CFOO and, where significant, shall be sold following competitive tender.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

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

All disposals of land must be agreed in advance with the Secretary of State.

16.3 Portable assets used off site

An online record of portable equipment approved for offsite, or home use must be maintained by the SBM in conjunction with the IT Manager.

The SBM is responsible for ensuring that portable equipment is returned to the safekeeping of the school/Trust when the member of staff leaves employment.

No portable asset is allowed to be taken off the school premises without prior permission and a logged system for safe return.

16.4 Depreciation Policy

Depreciation will be calculated on assets valued more than £5,000 an annual basis for preparation of the year end accounts.

The Trust has determined the following depreciation rates, asset life and methods:

Buildings	50 years	straight line
Land	Nil	
Computer Equipment	3 years	straight line
Fixtures, Fittings and Equipment	3 years	straight line

If the useful life of the asset is determined to be different to the scales above, this will be recorded for the Trustees.

Assets under construction are not depreciated, because depreciation is appropriate only when assets are in operational use.

No depreciation will be applied in the first year where the asset is acquired during the academic year.

Land is occupied on a freehold basis and is valued at a "peppercorn" amount of £1 to recognise its existence. Land is not depreciated. Any future land purchases will be recognised at cost.

17. Whistleblowing and Fraud

The Trust puts proportionate controls in place to mitigate the risks of fraud, theft, and irregularity.

The Antifraud, Corruption and Bribery Policy set out the procedures that must be followed.

The Trust's Whistleblowing Policy outlines the procedures to follow in the event of a report being made by a member of staff, as well as the appeals process and what can be done in the event of a whistle-blower being treated unfairly.

The HT will ensure all their staff are aware of the Whistleblowing Policy, ensuring that they understand the process of reporting a concern and what they can expect once they have brought a concern to the attention of the Trust. All concerns raised by whistle-blowers are responded to properly and fairly in line with the Whistleblowing Policy.

18. Cyber Security

The Trust is aware of the risk of cyber-crime and will implement its Cyber-Security Policy across the Trust.

Proportionate controls will be put in place to manage risks and appropriate action will be taken where a cyber-security incident has occurred. The Trust has appropriate Cyber security insurance in place

The Trust will obtain permission from the ESFA to pay any cyber-ransom demands and understands that the ESFA supports the National Crime Agency's recommendation not to encourage, endorse or condone the payment of ransom demands.