



Financial Regulations & Scheme of Financial Delegation

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1. Introduction

- 1.1 Orchard Community 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 (FNtI). The trust **must** comply with all the terms of an FNtI. If a FNtI 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 policy. Any such breach will be notified to the Trust Board through the Audit and Resources Committee. It is the responsibility of Local Governing Boards and executive headteachers/headteachers/heads of school to ensure that staff in their school(s) are made aware of the existence and content of the Trust's financial regulations.
- 1.4 The Audit and Resources Committee of the Trust Board is responsible for maintaining continuous review of the Financial Regulations, through the Chief Finance Officer and advising the Trust Board of any additions or changes necessary.

In exceptional circumstances, this committee 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.

During the proceedings of the Trust Board and the Local Governing Boards; The Chairperson and Vice Chairperson of the LGB, and its committees, must stand for (re)election annually in the Autumn Term (staff Governors may not stand).

- Further to this, the Members Board have resolved that by virtue of the Office of Chairperson of the Trust Board, that they delegate the 'Power to Act' on their behalf in circumstances where the Chair of the Trust is of the opinion that a delay in exercising the function would be likely to be seriously detrimental to the interests of; (a) the Academy Trust and any school within the Trust; (b) any pupil within the Trust, or their parent; or (c) a person who works within the Academy Trust.
- And also that, the Trust Board have resolved that by virtue of the Office of Chairperson of the LGB, that they delegate the 'Power to Act' on their behalf in circumstances where the Chair of the LGB is of the opinion that a delay in exercising the function would be likely to be seriously detrimental to the interests of; (a) their academy; (b) any pupil at their academy, or their parents; or (c) a person who works at their academy.

2.2 The Members

The Members of the Trust comprise of:

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

The Members are responsible for appointing/removing the Trustees of the Trust including one of which is regarded as the accounting officer and to notify the Secretary of State of the appointment of the accounting officer. 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 financial statements and regularity auditor and they have a right to receive the annual report and financial statements.

The Members are responsible for holding an Annual General Meeting (AGM), further (extraordinary) general meetings may be called by the Trustees or Members.

2. Organisation

2.3 The Trustees

The Trustees (who are also directors of Orchard Community Trust for the purposes of company law) are responsible for the strategic oversight of management and administration of the Trust but delegates management of individual schools to Local Governing Boards. 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 main financial responsibilities are to:

- Appoint the Senior Executive Leader (SEL) and hold him/her to account for the performance of the Trust.
- Appoint the Chief Finance Officer (CFO) in conjunction with the Senior Executive Leader
- Appoint executive headteachers/headteachers/heads of school
- 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 recommended by Local Governing Boards
- To establish an Audit and Resources Committee to review the effectiveness of financial control and management, and receive reports from External / Internal Audit

2. Organisation

2.4 The Trust Board - Audit and Resources Committee

The Audit and Resources Committee is a sub-committee of the Trust Board which is independent, advisory, and 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.

The Audit and Resources Committee will undertake detailed monitoring of the Trust's financial position and financial control systems including:

- To examine annual estimates and accounts (including the accounting policies upon which they are based) and endorse Local Governing Board recommendations for their approval to the Trust Board
- To ensure that short-term budgets are in line with agreed longer-term plans and that they are followed.
- To consider any other matters relevant to the financial duties of the Trust Board and make recommendations accordingly.
- To ensure that the Trust Board has adequate information to enable it to discharge its financial responsibilities.

2.5 The Trust Board – Curriculum and Standards Committee

The Curriculum and Standards Committee is a sub-committee of the Trust which will undertake detailed monitoring of the impact which resource allocation is delivering on educational performance.

2.6 The Local Governing Board

The Local Governing Board is a sub-committee of the Trust Board with various responsibilities delegated to it by the Trust Board in respect of financial oversight and control of an individual school.

The Local Governing Board shall meet at least once a term but more frequent meetings can be arranged if necessary.

The main financial related responsibilities of each Local Governing Board include:

- The initial review of the Annual Budget and a recommendation to the Trust Board for its approval
- Regular monitoring of actual expenditure and income against the approved school budget and reporting any significant variations to the Trust Board
- Reviewing reports of the External/Internal Auditor on the effectiveness of the operation of financial procedures and controls within the school and monitoring the implementation of any recommendations.

2. Organisation

2.8 The Senior Executive Leader (SEL) (Accounting Officer)

The Senior Executive Leader 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 Senior Executive Leader 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 Senior Executive Leader is required to complete and sign a short statement each year explaining how the trust has secured Value for Money. This must be sent to the ESFA and be published on the Trust's website.

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

2.9 The Chief Finance Officer (CFO)

The Chief Finance Officer is responsible to the Senior Executive Leader for the day-to-day financial management and administration of the Trust including ensuring:

- The preparation of medium term/annual capital and revenue budgets and financial plans
- The preparation of accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- 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

2.10 External Audit

The external auditors will be reappointed annually by the Trust Board. The Trust Board will be advised by the Audit and Resources Committee. A competitive tendering process will be undertaken at regular intervals (at least every three years).

2. Organisation

2.10 External Audit cont'd

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.

2.11 Internal Check (undertaken via supplementary work programme or Internal Auditor)

The Audit and Resources 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 Resources Committee. Those carrying out the independent check remain independent in their planning and operation but have direct access to the Trust Board, the Senior Executive Leader and the Chair of the Audit and Resources Committee.

2.12 Executive Headteachers/Headteachers/Heads of School

Executive headteachers/headteachers/heads of school are responsible to the Trust Board via the Senior Executive Leader for the financial management for their individual school budget. The school business manager will be responsible to the headteacher/head of school for the day-to-day financial management activities and the administration of the School.

The executive headteacher/headteacher/head of school and school business manager are advised by the Chief Finance Officer in executing their financial duties.

2. Organisation

2.12 Executive Headteachers/Headteachers/Heads of School cont'd

The Chief Finance Officer will also supervise and approve financial systems operating within individual schools including the form in which accounts and financial records are kept. Executive headteachers/headteachers/head of schools and school business managers will provide the Chief Finance Officer 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

2.13 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 of 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 Chief Finance Officer 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.

2.14 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 System

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

3.2 System Access

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

3.3 Back up Procedures

The Chief Finance Officer is responsible for ensuring that there are effective back up procedures for the system. The server is cloud based provided by PS Financials. PS Financials have a comprehensive back up system, whereby servers are hosted on virtual machines, where if any single host fails, the remaining are capable of running the load. Their primary data centre has its own uninterrupted power supply backed by diesel generators. There is a secondary data centre 40 miles away. Both data centres are serviced by 6 internet providers with any two being active at any point in time.

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 Chief Finance Officer.

3.5 Reconciliations

The school business manager 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 re-imbursed 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

3. Accounting Systems

The school business manager will review and sign off all bank reconciliations and forward a copy to the Chief Finance Officer for review in accordance with the agreed month end timetable.

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4. Financial Planning

4.1 Financial Planning System

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

4.2 System Access

Entry to the financial planning system is password restricted and the Chief Finance Officer is responsible for setting access levels for School business managers who will be responsible for administering access levels within their own school.

4.3 Back up Procedures

SBS Online data is hosted on UK based servers which are certified as GDPR compliant. The full database infrastructure (which includes data) is backed up daily and stored for 35 days. They also complete a separate backup every other day of the database only and this is stored for 2 months.

4.4 Financial Plans

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

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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 Improvement Plan and added value (for each school)

Each academy will plan and implement a school improvement plan based on raising attainment, improving progress and continuing to improve provision for all children, adding value to the education provision. Each plan will have links to the overarching MAT Development plan and will, where appropriate cover the following aspects

- Teaching, Learning and Curriculum
- PDBW (inc Pupil premium, Inclusion, Safeguarding)
- Leadership and Governance
- Office
- Site
- Sports
- Links with parents and the community

The improvement 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.

4. Financial Planning

The form and content of the improvement 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 Senior Executive Leader 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 Senior Executive Leader.

The completed improvement 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.

For each objective the responsibility for ensuring progress is made towards the objective will be assigned to a lead person within each School. The responsible lead should monitor performance against the defined success criteria throughout the year and report to the Senior Leadership Team on a quarterly basis. The Senior Leadership Team will report to the Governing body and Trust Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

4.6 Annual Budget

The executive headteacher/headteacher/head of school for each school is responsible for the preparation of the annual budget plan and seeking agreement from the Local Governing Board for it to be formally recommended to the Trust Board for its approval in accordance with the Trust Budget Timetable.

The Chief Finance Officer is responsible for reporting the overall Trust Budget including those of individual schools to the Trust Board via the Audit and Resources Committee.

The Chief Finance Officer is responsible for establishing a timetable to ensure that the approved budget is reported to the Education and Skills Funding Agency 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.

4. Financial Planning

The estimates will include:

- The General Annual Grant confirmed by the Education and Skills Funding Agency 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 Cost (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. If deficits are identified budget plans will need to be revised until income and expenditure are in balance.

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 should be proposed to the Local Governing Board who following consideration will formally recommend it to the Trust Board. The finalised budget plan proposed to the Local Governing Board 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 School business manager is responsible for ensuring that the proposed budget recommended to the Trust Board is published on SBS Online (the budget planning software).

Once the budget is approved by the Trust Board then the Executive Headteacher/Headteacher/Head 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.

4. Financial Planning

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

4.9 **Monitoring and Review**

The School business manager is responsible for ensuring preparation of monthly monitoring reports which detail actual income and expenditure against the approved budget and any changes to the projected end of year position. Copies of the monthly monitoring reports will be provided to the Chief Finance Officer for incorporation in reports to the Audit and Resources Committee of the Trust Board in accordance with a reporting timetable.

The Local Governing Board should consider the budget position (Annual Budget, Actual Spend to date, projected outturn) at least three times a year.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate.

If the budget is overspending it may be appropriate to take measures to make savings.

4.10 **Material planned overspending compared to the approved budget**

Where a school is proposing to overspend part of its budget by making savings elsewhere in its budget and this is in excess of £20,000 (primary) or in excess of £50,000 (secondary) then prior approval should be formally sought from the School Governance Committee and a formal minute recording as such.

Where the school is proposing to overspend its overall approved net school budget and is resulting in an increasing deficit carry forward balance or a deficit carry forward balance at 31 August approval must be sought from the Trust Board via the Audit and Resources Committee of the Trust Board.

5. Payroll

5.1 Main Elements

The main elements of the payroll system are:

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

5.2 Staff Appointments

The Trust Board approves the establishment for central trust staff and executive headteachers/ headteachers/heads of schools.

The executive headteacher/ headteacher/head of school is responsible for staffing establishment changes in their school(s) and ensuring that they are made within the constraints of current and future resources available. Each executive headteacher/ headteacher/head of school is responsible for ensuring that their school(s) maintains adequate personnel files for all members of staff.

The Senior Executive Leader has the authority to appoint staff to the central trust establishment within the staffing structure approved by the Trust Board. The Senior Executive Leader is responsible for maintaining adequate personnel files for all members of central trust staff.

Contracts of employment are the responsibility of the Senior Executive Leader. Advice will be sought from the nominated HR Advisors regarding any changes to contracts of employment.

5.3 Payroll Administration

The current payroll provider for all schools in the Trust is Stoke on Trent City Council.

All staff are paid on a monthly basis, with the payroll provider holding a file created for each employee which records details submitted to them in the approved appointment forms:

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

New employee appointment forms can only be created by the School business manager with the express approval of the executive headteacher/headteacher/head of school.

Any contractual amendments must be authorised by the executive headteacher/ headteacher/head of school before the payroll provider is instructed.

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 payroll provider should be undertaken by the school business managers in accordance with the timetable.

5. Payroll

Before the payroll is finalised all data input shall be obtained and checked against source documentation by the School business manager. The school business manager should identify reasons for variances against each individual on the report which compares each individual current gross pay with the previous months gross pay.

The executive headteacher/headteacher/head of school should sign/date as approved the: new starters report, leavers report, gross pay variance from previous month report.

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 school business managers.

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

The School business managers 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. This reconciliation shall be reviewed and signed by the executive headteacher/headteacher/head of school to evidence that the checks have been completed and any variances highlighted.

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.

The school business manager shall select at least one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

After the payroll has been processed the school business manager 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 School business manager 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.

On an annual basis a review of payroll gross pay agrees to contracts of employment (adjusted to reflect current rates) held on personnel files by each school.

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 least one month before 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. A print detailing actual expenditure against allocated budget will be supplied to each budget holder within two weeks after the end of each month or access to the financial system web portal will be granted. Budget holders are encouraged to keep their own records of orders placed but not paid for.

6.3 Requisitions up to £1,000 (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 business manager (or member of his/her team acting on behalf of the school business manager). **Budget holders, executive headteachers, headteachers, head of schools should not place orders directly with suppliers by email or telephone. This is the responsibility of the school business manager when processing a requisition into an official order through the Trust financial system.**

The school business manager (or member of his/her team acting on behalf of the school business manager) will check adequate budgetary provision exists, obtain quotes and place the order through input onto the Trust's financial system and printing/emailing/posting the order to the supplier.

The school business manager will where available access the list of preferred suppliers from the Education Funding Agencies listed Public Sector Buying Organisations. These suppliers will have already been subject to a procurement process to ensure value for money is obtained.

6. Purchasing

6.4 Requisitions of over £1,000 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 headteacher/headteacher/head of school and forwarded to the school business manager (or member of his/her team acting on behalf of the school business manager).

Requisitions between £1,000 and £10,000 can be authorised by executive headteacher/headteacher/head of school where at least three written quotations have been obtained and the lowest quote has been selected.

Where the lowest quote is not selected it requires consideration for Value for Money and formal approval of the Local Governing Board. This approval should be minuted and obtained prior to an order being placed.

Executive headteachers, headteachers, head of schools should not place orders directly with suppliers by email or telephone. This is the responsibility of the school business manager when processing a requisition into an official order through the Trust financial system.

The school business manager (or member of his/her team acting on behalf of the school business manager) will check adequate budgetary provision exists, obtain quotes if and place the order through input onto the Trust's financial system and printing/emailing/posting the order to the supplier.

6.5 Requisitions over £10,000 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 £10,000 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).

The Trust will monitor Brexit and its implications for any purchases reaching current and future EU procurement thresholds.

The school business manager will involve the Chief Finance Officer at the earliest opportunity to ensure that the tendering process is in accordance with the Trust's financial regulations. The school business manager will be responsible for ensuring that they receive approval from the executive headteacher/headteacher/head of school, Local Governing Board and the Chief Finance Officer.

For Tenders between £30,000 and £99,999, the school business manager should also seek approval from the Audit and Resources Committee of the Trust Board. For Tenders above £100,000 the Audit and Resources Committee will also seek approval from the Trust Board.

6. Purchasing

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 school business manager and the Chief Finance Officer 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.

6.7 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. Purchasing

6.8 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

6.9 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

- 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. It may be appropriate for the Chief Finance Officer to examine the potential supplier's audited accounts etc.

6.10 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 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.

6.11 Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Please contact the Chief Finance Officer for further information

6. Purchasing

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.

6.12 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.

Full records should be kept of all criteria used for evaluation and for contracts over £30,000 a report should be prepared for the Audit and Resources Committee of the Trust Board highlighting the relevant issues and recommending a decision.

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

6.13 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.

6.14 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 by someone other than the person who confirmed the order 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.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the school business manager (or member of his/her team acting on behalf of the school business manager) should be notified. The school business manager shall ensure that a central record of all goods returned to suppliers is maintained.

The financial system should be updated to reflect the items received against the order as a GRN by the person who has checked the goods received against the GRN.

6. Purchasing

6.15 Invoices for Payment

All invoices should be sent to the school business manager (or member of his/her team acting on behalf of the school business manager). The school business manager shall ensure:

- checks against the order and GRN for accuracy are undertaken
- invoices are signed to confirm above checks have been undertaken or a signed grid attached
- invoices are recorded onto the financial system at the earliest opportunity ensuring the supplier payment details are correct and that the invoice is posted to the correct VAT accounting period
- The document number from PS Financials is recorded on the invoice along with the date processed and signature of person who has processed.

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

At the end of every week the school business manager (or member of his/her team acting on behalf of the school business manager) will produce a list of outstanding invoices from the purchase ledger to determine which invoices should be paid.

The school business manager (or member of his/her team acting on behalf of the school business manager) will then generate the BACS required. The BACS and associated paperwork must be authorised by two of the nominated signatories.

BACS remittances will be dispatched to suppliers by the school business manager (or member of his/her team acting on behalf of the school business manager).

If any purchases are made outside the documented process then the budget holder must provide to the school business manager written justification which is counter signed by the executive headteacher/headteacher/head of school. A record of all exception transactions will be kept by the school business manager.

6.16 Regularity and Propriety

The Senior Executive Leader (in their role as Accounting Officer) reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:

- reviews management accounts
- reviews compliance against the scheme of delegation
- reviews transactions for evidence of connected party transactions
- value for money practice

The Accounting Officer has delegated the following responsibilities to the CFO:

- adherence to tendering policies
- review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook
- review of trustees/governors' minutes

6. Purchasing

A checklist is completed for each review undertaken.

6.17 Value for money

As part of the annual accounts the trust must include 3 focussed examples of value for money.

The Senior Executive Leader is responsible for collating the examples which are then confirmed by the audit and resource committee.

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7. Purchase / Commercial / Credit Cards

- 7.1 Purchase/Commercial/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. Debit Cards **are not** permitted.
- 7.2 Each school will be permitted to have up to five card holders. Authorisation for cards must be made through the executive headteacher/headteacher/head of school. Each employee issued with a card must sign to confirm that they have read and understand the Trust Commercial Cards Policy. A copy of all signed confirmations will be retained by:
- the school business manager and
 - the Chief Finance Officer

All card purchases must be authorised in advance through a signed requisition including those made over the internet.

Purchase receipts will be returned from the card users to the School business manager (or member of his/her team acting on behalf of the school business manager) as soon as is practicably possible. The school business manager is responsible for ensuring that a reconciliation of the receipts to the card statements and subsequent bank direct debit charge is undertaken on a monthly basis. If the school business manager is a card holder then this process will be checked by another appropriate senior member of staff.

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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 school business manager and the Chief Finance Officer 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 School business manager and a copy forwarded to the Chief Finance Officer for inclusion in the year-end audit files.

- 8.2 The schools also obtain income from:

- 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.

Cash receipts should be recorded on the PS financial system at the earliest opportunity as a nominal receipt – paying in slip, or from regular Electronic payment provider (such as ParentMail or ParentPay) reports as a nominal receipt – direct to bank.

The paying in slip/receipts are prepared and stored in a locked safe ready for the next cash collection. The school business manager and another appropriate member of finance/admin shall staff cross check each other's paying in slips prior to banking.

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.

Monies collected must be banked in their entirety in the School bank account. The School business manager is responsible for ensuring a member of the finance/admin team undertakes regular reconciliations between sums collected, sums deposited at the bank and sums posted to the financial system. The reconciliations must be prepared before each banking is undertaken and must be reviewed and certified by the School business manager or the executive headteacher/headteacher/head of school if the school business manager has undertaken the reconciliation.

8.3 Sales Invoices

The school business manager is responsible for ensuring that sales invoices are issued where required using the financial system.

The school business manager is responsible for ensuring a reconciliation of the

8. Income

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 Write off of Bad Debts

The school business manager is responsible for reporting aged debt to the Local Governing Board at regular intervals during the year.

Where a debt remains unpaid for 6 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) the Local Governing Board may give approval for it to be written off in consultation with the Chief Finance Officer.

For individual amounts in excess of £500 (£5,000 cumulative debts over a 12 month period) approval is also required by the Senior Executive Leader in consultation with the director of finance business and operations.

The Audit and Resources Committee will receive a report of all bad debts written off approved for write off at the earliest opportunity.

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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 to:

Central Trust

- The Chair of the Trust Board
- Senior Executive Leader
- Chief Finance Officer

School

- Senior Executive Leader
- Chief Finance Officer
- Headteacher/Head of School
- Deputy Headteacher
- School business manager

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 a locked safe in the school / central trust administrative office.

9.4 Bank Reconciliation

The school business manager is responsible for ensuring that bank statements are received and reconciled at least on a monthly basis. Reconciling items should be resolved. The bank reconciliation shall be signed to confirm review and countersigned by an appropriately trained person who is able to sufficiently understand the reconciliation process.

Where practical, the school business manager shall ensure that the person responsible for performing the bank reconciliation is not also responsible for processing of receipts and payments.

Copies of reconciliation documentation will be provided to the Chief Finance Officer for review on a quarterly basis.

9.4 Monitoring Cash Flow

The school business manager is responsible for forecasting and monitoring cash flow during the year to ensure that the school has sufficient funds available to pay for day

9. Cash Management

to day operations. The Chief Finance Officer shall be notified at the earliest opportunity if potential shortfalls are foreseen during the year and cannot be avoided.

9.5 Investments

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

9.5 Petty Cash Accounts

Each school has authority to hold a maximum petty cash balance of £500 for student related expenses. Expenditure through petty cash should not exceed £100 on any one item, and not exceed £200 in any one week to any one individual.

All purchases through petty cash should be pre-authorized by the Budget Holder, school business manager, or the executive headteacher/headteacher/head of school.

The school business manager is responsible for ensuring the prompt entry of transactions onto the financial system and undertaking a monthly reconciliation which must be independently reviewed.

Petty cash shall be held in a locked cash box which is securely held in a locked safe.

9.6 Staff Reimbursements

All staff reimbursements for small items will be made via the MyView payroll system direct to their nominated bank account. This includes any mileage and subsistence payments.

Staff reimbursements should be for small pre-authorized expenditure not exceeding £50 on any one item and not exceeding £100 in any one week to any one individual.

Each claim form must be presented to the School business manager with an attached VAT receipt. The School business manager will ensure that the purchase is recorded on the financial system at the earliest opportunity.

10. Fixed Assets

10.1 Inventory

The inventory of assets in each school helps ensure that staff take responsibility for the safe custody of assets and:

- Enable independent checks to deter against theft or misuse
- To manage the effective utilisation of assets and plan for their replacement
- To support the annual report and accounts process and audit judgement
- To support insurance claims in the event of fire, theft, vandalism or other disasters

The School business manager shall be responsible for ensuring that an inventory is maintained for all items purchased with a value of £2500 or more or of an attractive nature and should include the following:

- Asset Description
- Asset Number
- Serial Number
- Date of Acquisition
- Cost of Acquisition (exc VAT)
- Source of Funding
- Expected useful economic life
- Location
- Name of member of staff responsible for the asset

Individual members of staff will be responsible for the safekeeping of items within their classrooms.

10.2 Security of Assets

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the secure stores.

All items on the inventory should be permanently and visible marked as the Trust's/schools property.

An annual audit of the contents of the inventory should be completed by a person independent from the person responsible for maintaining the inventory. Discrepancies between the physical count and the amount recorded in the inventory should be investigated promptly. Any significant discrepancy will be reported in accordance with the Anti-Fraud Bribery and Corruption Policy.

Where an item is used by the Trust but is not owned by it this should be noted.

10.3 Disposals (exc land/buildings/heritage assets)

Items which are to be disposed of by sale or destruction with a fair value estimated to be below £5,000, must be authorised for disposal by the Local Governing Board.

Items which are to be disposed of by sale or destruction with a fair value estimated to be above £5,000, must be authorised by the Trust Board.

10. Fixed Assets

Disposal of equipment to staff should not be undertaken without prior agreement from the Senior Executive Leader in consultation with the Chief Finance Officer who will consider the potential for sale/scrap value and any the wiping of any computer equipment of licences/software.

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 require approval from the Trust Board in advance of seeking approval from the Secretary of State.

10.4 **Loan of Assets**

Items of Trust property must not be removed from the Trust/School premises without the prior approval of the executive headteacher/ headteacher/head of school. A record of the loan must be recorded in a loan book and booked back in when it is returned.

If assets are on loan for an extended period of time or to a single member of staff on a regular basis this situation may give rise to a 'benefit in kind' for taxation purposes. Loans should therefore be kept under review and potential benefits discussed with the Chief Finance Officer who will consult with the Trust's Auditors as appropriate.

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11. Internal Financial Notice to Improve

- 11.1 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.
- 11.2 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.
- 11.3 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.
- 11.4 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.

12. Dispensation from Financial Regulations

- 12.1 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 Senior Executive Leader and/or Chair of the Trust Board are empowered to authorise all necessary actions. The Senior Executive Leader and or Chair of the Board shall notify the Chief Finance Officer, in writing, of the circumstances and the estimated financial impact and report formally to the earliest Trust Board Meeting.

Operational Issues

Where the Senior Executive Leader considers there are justifiable reasons for dispensing with Financial Regulations, they may do so, in consultation with the Chief Finance Officer provided that they obtain the agreement of the Chair of the Board. The circumstances must be reported formally to the earliest Trust Board Meeting.

- 12.2 The Company Secretary will ensure that a dispensation register is maintained and records all the reasons and circumstances of dispensations granted under Financial Regulations 12.1.

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