



**MULTI
ACADEMY
TRUST**

The Queen Katherine School Multi Academy Trust

FINANCIAL REGULATIONS MANUAL

This policy does not form part of any employee's contract of employment and we may amend it from time to time.

Committee:	Risk Audit & Finance Committee
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Document Control Sheet

The information in the table below details earlier versions of this document with a brief description of each review and how to distinguish amendments made since the previous version date (if any).

Version Number	Amended by	Purpose	Approved by Trustees
1		Original	March 2020
2		Risk, Audit & Finance Committee review	08/06/2021

Part One

Financial Regulations Manual

I. INTRODUCTION

The purpose of this document is to ensure that the Academy Trust maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreements with the Education & Skills Funding Agency (ESFA) and are in line with our Articles of Association and meet audit requirements.

Each academy within the QKS MAT must comply with the principles of financial control outlined in the academies guidance published by the ESFA in the Academy Funding Agreement and the Academies Financial Handbook. This manual expands on those and provides detailed information on the accounting procedures and these financial regulations must be read by all staff involved with financial systems and copies made available as necessary. It also provides a standardised approach to all finance related tasks within the Trust and its academies.

Compliance with the Policy is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Accounting Officer.

All staff, including the Accounting Officer, the Chief Finance Officer, MAT Accountant, Headteachers, Finance Officers and the Finance Assistants, who deal with financial matters, are trained in the appropriate procedures and records are kept of this training. All the duties of the Accounting Officer, the Chief Finance Officer, MAT Accountant, Headteachers, Finance Officers and the Finance Assistants, are recorded and a note kept of who can carry out the various duties in the absence of the Accounting Officer, the Chief Finance Officer, MAT Accountant, Headteachers, Finance Officers and the Finance Assistants.

All staff are aware of the Academy Trust's whistleblowing policy and to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the DfE and, where appropriate, policy and procedures amended to prevent the irregularity.

The Academy Trust's Risk, Audit & Finance Committee will be responsible for reviewing all controls and procedures of financial systems operating within the trust. A self- assessment of the financial administration and management within each school is carried out at all levels by the Accounting Officer, the Chief Finance Officer, Headteachers, and the individual Local Governing Bodies.

I.1. Organisation

The Queen Katherine School Multi Academy Trust (QKS MAT) is a company limited by guarantee with charitable status and all academies within the QKS MAT are governed by one trust (the members) and a board of Directors.

The Members of the Company shall comprise:

- Trust Members
- Directors
- Local Governing Bodies
- Headteachers

The Members shall appoint up to 30 Directors. See Articles of Association for further details.

The Directors must establish separate committees to be known as Local Governing Bodies for each Academy and will ensure that, where possible, each Local Governing Body shall include at least 2 elected representatives of the parents of students attending the relevant Academy.

2. ROLES AND RESPONSIBILITIES

The main responsibilities of the MAT are prescribed in the Funding Agreements with the ESFA. The key responsibilities include:

- ensuring that grants from the ESFA are used only for the purposes intended
- approval of the annual budget
- ensuring adequate reserves are available to meet income and expenditure fluctuations
- production of an Annual Report and Accounts
- appointment of auditors
- appointment of internal auditors
- appointment of an CEO (as Accounting Officer)
- appointment of the Chief Finance Officer in conjunction with the CEO
- ensure regularity, propriety and value-for-money in relation to the management of public funds

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Company will be managed by the Directors who may exercise all the powers of the Company.

The Academy Trust has defined the responsibilities of key committees and staff involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The Committees that have responsibilities relating to the Academy finances are as follows:

- MAT Board
- Risk, Audit & Finance Committee
- Local Governing Body

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

2.1 Role of the Chief Executive Officer (CEO)

The CEO has overall responsibility for the MAT's activities including financial activities. As the Accounting Officer for the MAT, the CEO is personally responsible for:

- propriety and regularity of the public finances for which they are answerable. This covers standards of conduct, behaviour and corporate governance
- keeping of appropriate accounts
- prudent and economical administration
- avoidance of waste and extravagance
- ensuring value for money
- efficient and effective use of all available resources
- management of opportunities and risks
- oversight of each member school's Management Accounts
- signing off the Accounting Officer's file

The essence of the role is a personal responsibility for:

Regularity - dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and this Handbook, and compliance with internal trust procedures. This includes spending public money for the purposes intended by Parliament;

Propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance;

Value for money – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the academy trust but for taxpayers more generally.

The MAT's accounting officer is required to complete and sign a short statement each year explaining how the trust has secured value for money. This must form part of the annual accounts and be published on the academy trust's website. It will also be placed on the DfE's website.

In practice, much of the financial responsibility is delegated to the Chief Finance Officer but the CEO still retains responsibility for:

- approving new staff appointments (in conjunction with Headteachers of each establishment) within the authorised establishment, except for any senior staff posts which the governors have agreed should be approved by them
- authorising orders, contracts and signing cheques / releasing payments in conjunction with other authorised signatory in accordance with the agreed Scheme of Delegated Financial Authority (Appendix I)
- reviewing budget plans in conjunction with the Chief Finance officer
- implementing expenditure in line with the Academy budget
- seeking MAT approval for purchase orders or contracts in excess of delegated thresholds
- submitting reports to the MAT giving details of income, expenditure and commitments to date
- ensuring any actions resulting from audits are implemented

2.2 Role of the Chief Finance Officer

The Chief Finance Officer, works in close collaboration with the CEO through whom they are responsible to the members. The Chief Finance Officer also has direct access to the directors and governors. The main responsibilities of the Chief Finance Officer are:

- management of financial issues including the establishment and operation of a suitable accounting system for the Multi Academy Trusts central budget and individual academies
- management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the members and directors
- preparation of budget plans in conjunction with the CEO, MAT Accountant and Headteachers
- the maintenance of effective systems of internal control
- maintenance of adequate fixed asset registers
- liaising with auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust

- the preparation of monthly management accounts in conjunction with the MAT Accountant and local finance officers, covering income and expenditure reports, cash flow forecasts and a balance sheet
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance
- additional roles, some of which are not directly finance related, as outlined in the MAT Accountant's job description
- review of internal audit reports and recommendations

2.3 The Role of Finance Officers and Budget Holders

Other members of staff, primarily the Finance Officers, Finance Assistants and departmental budget holders, will have some financial responsibilities and these are detailed in following sections of this manual.

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

3. DELEGATED AUTHORITY TO THE MAT

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

Liabilities and write-offs

Academy Trusts may write off debts and losses, including any uncollected fines up to the following delegated limits, subject to a maximum of £250,000:

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

In relation to these limits, the amounts for write offs are before any successful claims from an insurer and total income is defined as grant income as disclosed in the trust's last set of audited accounts.

Beyond these limits the Trust must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction.

Severance Payments

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

- whether such a payment is justified, based on a legal assessment of the chances of the MAT successfully defending the case at tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement

- if the settlement is justified, the MAT would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances
- that it is within the capping limits of the relevant pension scheme

Special severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the former case would be where the claimant will win an Employment Tribunal claim because of employment law procedural errors. In the latter, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures.

If the MAT is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. It is also good practice to consider routinely whether particular 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.

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

Note: review HMRC guidelines for current severance payment limits:

- (a) redundancy pay (including any severance pay) under £30,000 is not subject to tax
- (b) maximum statutory redundancy payment £16,320

Asset sales, leases and tenancy agreements

There are two types of lease, as defined under relevant financial reporting standards. There are finance leases (which are a form of borrowing) and there are operating leases (which do not involve borrowing). Trusts that are in any doubt as to whether or not any particular lease does or does not involve an element of borrowing should resolve the issue by contacting their professional financial adviser and/or external auditor.

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

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than three years
- granting a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than three years
- Secretary of State to be informed of pre-conversion leases that would need terms greater than these

Academy trusts may take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above), without the Secretary of State's approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require the Secretary of State's

approval. Leases should be disclosed in trusts' annual accounts in accordance with the Academies Accounts Direction.

If an academy trust does wish to enter into a lease that requires the Secretary of State's consent, then the trust will need to contact the ESFA in the first instance. Trusts must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the Secretary of State is required.

4. CONFLICT OF INTERESTS

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all members, trustees, governors and staff who can influence financial decisions, or spending powers, are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services.

The register is open to public inspections and should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a member, trustee, governor or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of members, directors, governors and staff to declare interests whenever they are relevant to matters being discussed by the Governing Body. Where an interest has been declared, members, trustees, governors and staff should withdraw from that part of any meeting.

5. CONTROLS

5.1 Investigation of Fraud and Irregularity

The personal responsibilities of accounting officer responsibilities extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the members of a MAT are also responsible for preventing such losses of public funds, and this means that members, directors and governors must be aware of the risk of fraud and irregularity to occur within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The MAT is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The Fraud Policy in Appendix 3 outlines the procedures to be adopted in such an event.

All instances of fraud or theft committed against the Trust, whether by employees or governors or third parties, above £5,000 **individually, or £5,000 cumulatively in any financial year** must be reported by the Trust to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy either as the result of a formal notification from the Trust itself or as the result of other information received.

The ESFA may request additional information on the reported fraud using their own generated form. These must be authorised by the Accounting Officer.

5.2 Appointment of External Auditors

The Trust is required to submit the accounts for an annual audit. This means that external auditors need to be appointed. The appointment should be for a one-year period renewable at the discretion of the MAT.

The auditors are required to give an opinion on whether:

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the ESFA
- proper accounting records have been kept by the Academy throughout the financial year
- grants made by the ESFA have been applied for the purposes intended

The MAT should arrange for on-going monitoring of the performance of the auditors to be undertaken by the Risk, Audit & Finance Committee.

5.3 Internal Scrutiny

All academy trusts **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively. The Responsible Officer is to report on process and procedural weakness and to aid in the Year End process.

The academy trust must establish a Risk, Audit & Finance Committee, appointed by the Trust Board to direct the Trust's programme of internal scrutiny. The Trust has resolved to deliver the following internal scrutiny programme:

- internal scrutiny of financial controls – by employing a bought in internal audit service from a firm with professional indemnity insurance
- internal scrutiny of risk management and non-financial controls – via a peer review by the chief finance officer from another academy trust

The reports are included as part of the year-end submission to the ESFA.

6. ACCOUNTING SYSTEM

The Schools are registered annually under the 2018 Data Protection Act. The registration will require a single data Controller to be named at each individual location and the named Data Controller in the Trust will be the Chief Executive Officer.

All the financial transactions of the MAT must be recorded on the Sage 50 accounting system operated by the Finance Departments in each academy.

Financial records are required to be kept for at least six years. This is a requirement laid down by Her Majesty's Revenue and Customs (HMRC).

6.1 System Access

The Sage 50 accounting system is protected by access permissions and user tailored menus to authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords should not be compromised. Access to Sage 50 should be restricted and the Principal Finance Officer (Accountant) is responsible for determining the access levels for all members of staff using the system.

All leavers with previous access to Sage 50 must have their access permissions formally removed or suspended.

6.2 Back-up Procedures

The Chief Finance Officer is responsible for ensuring that there is effective back up procedures for the system.

The Chief Finance Officer and MAT Accountant should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the School is exposed and the systems that have been put in place to mitigate those risks.

6.3 Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this document. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the document. All nominal journals, bank, sales and purchase ledger transactions entered in Sage 50 should be input by the Finance Officers and the input should be checked, and signed to evidence this check, by the appropriate delegation.

6.4 Transaction Reports

The Chief Finance Officer and MAT Accountant will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- monthly payroll reports
- monthly bank statement reconciliations
- monthly credit card statements
- quarterly VAT returns
- management accounts summarising expenditure and income against budget at budget holder level

6.5 Reconciliations

Finance Officers are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- payroll
- bank balance per the nominal ledger to the bank statement
- credit cards
- VAT
- trial balance

Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Finance Officer/ MAT Accountant.

7. FINANCIAL PLANNING

The MAT prepares both medium term and short-term financial plans.

The medium term financial plan is prepared as part of the strategic planning process. The strategic School Development Plan (SDP) indicates how the MAT's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The strategic SDP provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the MAT and the planned use of those resources for the following year.

The strategic planning process and the budgetary process are described in more detail below.

7.1 The Business Plan (BP)

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

The form and content of the BP are matters for each academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

Each year the CEO will link the BP to a review process which allows for:

- a review of past activities, aims and objectives
- definition or redefinition of aims and objectives
- development of the plan and associated budgets
- implementation, monitoring and review of the plan
- feedback into the next planning cycle

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

The completed BP will include detailed objectives for the coming academic year and the wider School Improvement Plans (SIP) reviewed against each school's Self-Evaluation (SEF) and will outline objectives for the following two years as well. The plan will, where appropriate, include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

7.2 Annual Budgets

Annual budgets will reflect the best estimate of the resources available to each academy for the forthcoming year and how those resources are to be utilized by each academy. There should be a clear link between the BP objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of students to estimate the amount of ESFA grant receivable
- review of other income sources available to the individual academies within the MAT to assess likely level of receipts
- review of past individual performance against budgets to promote an understanding of the Trust cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost, e.g. pay increases, inflation and other anticipated changes, such as pensions, change to funding formula
- liaising with external agencies including major suppliers to ensure that the Trust's best financial interests are met
- review of staffing levels for both teaching and support, with teacher loading and pay grading forming part of this process.

Individual academy plans and budgets will need to be revised to meet the Reserves Policy. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding.

If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.

If a potential surplus is identified at an individual academy within the MAT, this may be held back as a contingency or alternatively carried forward to invest in future years' priorities for the students that the academy serves.

It will be the responsibility of each Local Governing Body to set/recommend to the full governing body of their respective academy an annual budget for submission to the MAT board. Such approval should be clearly minuted in sufficient time to allow prompt submission of aggregated plans to the ESFA and should be accompanied by a statement of assumptions and explanations behind the plan so that if circumstances change, it is easier for all concerned to take remedial action.

The Chief Finance Officer, in conjunction with the MAT Accountant & CEO, is responsible for preparing and obtaining approval for the MAT annual budget, which aggregates the budgets of each academy in the Trust. The budget must be approved by the members. Individual site budgets are presented to the Local Governing Body.

The approved aggregated budget must be submitted to the Education & Skills Funding Agency (ESFA) by 31 July each year or at a date specified by the ESFA and the Chief Finance Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met (subject to the ESFA website being operational).

Budgets should be seen as a working document which may need revising throughout the year as circumstances change and it is good practice to have a best estimate running concurrently alongside the budget.

7.3 Monitoring and Review

Budget monitoring reports have been developed in which variances are highlighted for discussion. Monthly reports are prepared by each academy. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and a copy must then be provided to Chief Finance Officer and MAT Accountant to produce and provide an aggregated report for the directors of the MAT.

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. Any major overspend against budget must, in the first instance, be discussed with the Chief Finance Officer and MAT Accountant.

Each academy should present monitoring reports to Headteachers and finance governors at least three times a year, and, after approval from this body, the reports should be reported to the academy's Governing Body.

Every month the CEO should authorise the most up-to-date set of Management Accounts, which should then be filed in the Accounting Officer's file.

8. PAYROLL

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments to individuals, HMRC, Union and Pension bodies.
- real time reporting to HMRC

8.1 Staff Appointments

The Local Governing Bodies have approved a personnel establishment for each school in the MAT and the Headteachers at each school must ensure that adequate budgetary provision exists for any establishment changes.

Directors of the MAT have the authority to appoint the Chief Executive Officer.

Directors of the MAT have the authority to appoint the Headteacher at each academy.

The appointment of a Chief Finance Officer must be approved by the Trustees of the MAT.

Each School in the MAT maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the Finance Officers/HR Officers immediately, so that payroll records are updated.

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 HR Officers at each of our schools will be responsible for maintaining accurate records of all staff employed at their school in a single central record.

Personnel information is held in manual files under the guidance of the CEO with access strictly limited to authorised officials only and separately on the SIMS computer system, for which relevant registration under the 2018 Data Protection Act is held.

8.2 Payroll Administration

The MAT payroll is administered in house and covers the schools within the MAT, plus some schools external to the MAT.

Amendments to payroll data, e.g. appointments, resignations, pay changes and overtime, are made on a monthly basis using relevant forms which are authorised by either, the Headteacher, MAT Accountant, HR Manager, Departmental Head or Finance Officer at each academy.

Casual working and overtime claims must be checked and confirmed by a budget holder and must be forwarded promptly to the academy's finance office to meet processing deadlines for salary payments.

8.3 Payroll Payments

All staff are paid monthly by bank credit transfer to their bank accounts.

The Sage payroll system automatically calculates the deductions due from payroll to comply with legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts paid are summarised on the Sage payroll reports.

Monthly payroll reports from the Sage accounting system will be made available to the appropriate academy. The reports will be sent to each academy in the MAT to check that transactions for casual/peri staff and overtime claims have been made correctly.

Finance Officers should undertake a monthly reconciliation between the current month's actual expenditure and the budgeted payroll costs. Any significant variations should be investigated and reported to the Headteacher and subsequently reported at the Local Governing Body meetings. The monthly reports should be signed by the Finance Officer or Headteacher to verify the accuracy of the payments made.

The Chief Finance Officer/MAT Accountant will check each academy's monthly reconciliation to ensure that the payroll system is operating correctly.

The MAT has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate and are in accordance with the latest HMRC guidelines.

Travel claims are processed and paid directly by the school. The MAT determines the rates of reimbursement not exceeding the HMRC Approved Rate, expense forms are completed accurately and are authorised appropriately.

9. PROCUREMENT

Each school must achieve the best value for money from all purchases. A large proportion of their purchases will be paid for with either restricted or unrestricted funds and need to maintain the integrity of these funds by following the general principles of:

- **Probity:** it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the School
- **Accountability:** the school is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness:** that all those dealt with by the school are dealt with on a fair and equitable basis.

9.1 Routine Purchasing

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by their Governing Body. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against

budget will be supplied at frequent intervals and budget holders are encouraged to keep their own records of orders placed but not paid for.

It is essential that all of the following controls are adhered to:

- orders should not be entered into verbally, unless a Credit Card has been used, orders should always include the school's terms & conditions on the order to protect the MAT against terms and conditions imposed by suppliers in the absence of quoted terms & conditions
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be faxed or emailed to suppliers, in order to reduce timescales.
- orders should only be approved in accordance with the authorised limits within the scheme of delegation listed in Appendix A of this document
- orders may only be used for goods and services provided to the MAT. Private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials and services net of VAT
- credit card purchases for school or school trip expenditure must be authorised before being actioned and reconciled on a monthly basis to the statement received from the bank.
- **orders up to £1,000** - can be ordered by budget holders via the Finance Department, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:
 - supplier chosen using government approved contracts
 - bulk purchasing of common consumables
 - negotiating discounts
 - taking advantage of sale seasons
 - obtaining alternative quotations wherever possible
- **orders over £1,000 but less than £5,000** – can be ordered by the budget holder but also requires the signature of the MAT Accountant. The above steps should also be followed.
- **orders over £5,000 but less than £10,000** – requires both the MAT Accountant signatures as well as the Headteacher
- **orders between £10,001 and £25,000** at least three written quotations should be obtained for all orders between to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced, before a purchase decision is made. Both the Headteacher and MAT Accountant will need to authorise too
- **orders over £25,000** - all goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000, will be subject to a tendering process and must be referred to the respective Local Governing Body and MAT Board for formal approval
- exceptions to the £25,000 rule are the procurement of gas and electric contracts, where spot rates are only available on that day. In this instance, the Chair of the Board, Vice Chair, or CEO can authorise the spot contract, subject to all parties having been communicated with and then approved at the next Trustees' meeting.

The academy budget holder or the academy Finance Office must make appropriate arrangements for the delivery of goods and services to the academy. On receipt of goods and services there must be a detailed check of the goods and services received against the purchase order (or equivalent in exceptional circumstances). Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay or within the supplier timescales.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the academy's finance office should be notified. The academy's Finance Officer will keep a record of all goods returned to suppliers and place on hold the appropriate invoice.

All invoices should be sent to the academy's finance office to be checked against the Sage 50 numbered order and the delivery note to evidence the following:

- invoice arithmetically correct
- goods/services received
- goods/services as ordered
- correct pricing

Invoices will have a payment slip attached, detailing the supplier, cost code, description of goods authorised for payment by the relevant cost centre holder and then passed to the academy's finance office for recording and payment through Sage 50. Any invoices in dispute are to be placed on hold until resolved or a credit note received from the supplier.

9.2 Business Charge Cards

Business Charge cards are held by named cardholders in each academy. The card should be held securely at all times and any loss of cards should be reported immediately. All receipts must be produced and reconciled monthly to the monthly bank statement by the Finance Office and reviewed and signed off by the Headteacher, MAT Accountant or Finance Officer at the appropriate academy.

Monthly statements will be received by the Finance Office at each MAT school direct from the bank.

The Chief Finance Officer/MAT Accountant will randomly check each academy's monthly reconciliation to ensure that the business charge card system is operating correctly.

10. OTHER MATTERS

Services provided by sponsors and sponsor-related bodies

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

Irregular or improper transactions

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

Managing surplus General Annual Grant (GAG)

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

The DfE expects academy trusts to use their allocated funding for the full benefit of their current students.

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

Managing a deficit General Annual Grant

In the event the MAT and/or its schools have no reserves to support the running of the Trust, then the ESFA will loan funds subject to them being repaid over a period of time, where a deficit recovery budget is put in place, monthly reports are returned to the ESFA and the Financial Notice to Improve is removed.

Pooling of GAG by Multi Academy Trusts

The MAT has chosen to let each one of its schools retain its GAG allocation to meet the normal running costs of the individual Academy within the Multi Academy Trust, operating in accordance with the guidelines that govern the use of GAG funding.

Allocations from each school's budget are made to support the running of the MAT and its support functions, and these allocations are reviewed annually as the GAG funding increases or decreases in line with student numbers.

The MAT must have due regard to the funding needs and allocations of each individual academy and if it is felt that an academy has been unfairly treated in relation to any support arrangements, then the school should appeal to the Trust in the first instance.

Part Two

Local Governing Bodies and Academies

Introduction

This section outlines the respective responsibilities of each Local Governing Body, Headteacher and staff in relation to financial administration. The Policy also provides a standardised approach to all finance related tasks within the school and covers the following:

- The Queen Katherine School
- Walney School
- George Hastwell School

Please note that this policy should be used in conjunction with the Academies Financial Handbook.

11. SUMMARY OF RESPONSIBILITIES

- the management of the school is, through its Instruments of Government, the responsibility of its Local Governing Body, and, to the extent of the delegated powers vested in them
- the Local Governing Body delegates day to day responsibility for carrying out the policies and decisions of the Local Governing Body to the Head of School
- management and administration duties undertaken by the Headteacher and the members of the school staff shall be carried out in accordance with the terms of this statement, and within the terms of their contract of employment
- it is the responsibility of the Local Governing Body to set/recommend to the full governing body an annual budget for the school for submission to the MAT Board which accords with the school's aims and objectives, as set out in the current School Improvement Plan, and the legislative responsibilities undertaken by the Governing Body. Such approval should be clearly minuted by the Local Governing Body in sufficient time to allow prompt submission of the plan to the Education & Skills Funding Agency (ESFA) and the MAT Board
- the Headteacher will prepare a recommendation for expenditure by reference to the anticipated budget provision of the school, sufficiently in advance of each financial year, in order to allow due consideration and approval by the Local Governing Body.
- the Local Governing Body will, in each year, consider the recommendation of the Headteacher and will set an Annual Budget. Acting with advice and knowledge acquired from any combination of the Local Governing Body, Headteacher or staff, The Local Governing Body will ensure that adequate long term budgeting is undertaken in order that the long term performance of the school may be maintained

11.1 The Role of the Local Governing Body

The role of the Local Governing Body in school financial administration is:

- to approve the Draft Annual Budget
- to maintain a register of pecuniary interests for governors and staff
- determine the school's annual budget, including staffing
- plan the school budget in accordance with the priorities in the School Improvement Plan
- consider reports comparing expenditure with budget and to approve virements as necessary

- determine the written description of financial systems and procedures
- operate the governing body's arrangements for obtaining quotations and inviting tenders
- submit to the Board any proposed write-offs and disposals of surplus stock and equipment
- determine matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the Governors' delegated responsibilities
- determine matters relating to school security
- determine insurance arrangements
- determine the limits of authority which they delegate to the Headteacher and approve expenditure recommended by the Headteacher above those limits
- consider the findings and recommendations of internal audit reports and findings identified by the Chief Finance Officer.
- the Chair of the Local Governing Body shall ensure that minutes are signed at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality exclusions), and papers for each meeting should be made available at the school for anyone to read
- Approve both teaching and support staff pay progression and/or pay increase, as agreed by the appropriate bodies the School Teachers' Pay and Conditions and the National Joint Council.

11.2 The Role of the Headteacher

The day-to-day operation of the budget is delegated to the Headteacher, who will be responsible for:

- preparing the school improvement plan and school budget in accordance with priorities agreed by the governors and submission of these plans to the Governing Body for approval
- managing internal control systems and internal financial transactions
- maintaining adequate financial records in accordance with Academies Financial Handbook
 1. Budget Plan Entry Form Current Year + 3 preceding years
 2. Staff Salary Calculations Current Year + 3 preceding years
 3. School Management Plan Current Year + 3 preceding years
 4. General Allowance Allocations Current Year + 3 preceding years
 5. Virements within Budget Share Current Year + 3 preceding years
 6. Orders, Quotes and Tenders Current Year + 6 preceding years
 7. Copy Invoices/Credit Notes Current Year + 6 preceding years
 8. Copy Payment Schedules Current Year + 6 preceding years
 9. Delivery Notes Current Year
 10. Bank Reconciliation Records Current Year + 6 preceding years
 11. Education Sales Database Statements Current Year + 2 preceding years
 12. Bank Statements Current Year + 6 preceding years

13. Bank Paying In Slips Current Year + 6 preceding years
14. Travel Claims Current Year + 6 preceding years
15. Income/Lettings Receipts Current Year + 6 preceding years
16. Copy Sundry Debtor Accounts Current Year + 6 preceding years
17. Authorised signatories list
18. Register of Pecuniary Interests Current List
19. Inventory Records Current Year + 6 preceding years
20. Salary and Wage Returns Indefinitely
21. School registers indefinitely

- setting limits of expenditure for members of staff authorised to place orders
- providing a monthly budget monitoring report to governors. This should report any variations in expenditure against the approved budget plan
- monitoring the school cash flow
- ensuring that returns to the ESFA and the MAT are submitted according to published deadlines
- providing access to accounting and other relevant records to Audit, including school fund(s), and implementing auditor recommendations where necessary
- checking that the school inventory is maintained as accurately and up to date as possible and ensuring that an independent check of the inventory is made at least once a year
- recommending to governor's equipment to be written off or disposed of. Ensuring that disposal of such equipment is adequately recorded in the Governors' minutes and that the disposal of assets is conducted in an open manner and where income generated from disposal is maximised. Ensuring that stolen items are reported to the Local Governing Body before formal approval to delete that item from the inventory/asset register
- ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature
- ensure that adequate controls are in place to ensure that all responsibilities delegated are monitored
- maintain a central file of all submitted applications for grant funding and counter sign and submissions for audit purposes

11.3 The Role of the Finance Team

Subject to accordance with individual job descriptions the Headteacher may delegate financial procedures to the finance team. The finance team's roles may include:

- reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries
- providing budget monitoring /outturn monthly reports for the Headteacher to present to governors and submission to the Chief Finance Officer
- submitting pay returns to payroll as appropriate

- ensuring that invoice checking procedures are followed
- ensuring that, in conjunction with the Headteacher, authorisation of orders, invoices and schedules are in accordance with the Academies Financial Handbook
- prompt and intact banking of income and associated recording of income in accordance the Academies Financial Handbook
- operating the local expenditure bank account (cheque book scheme) as per the Academies Financial Handbook
- administer the recording of income received, and payments made from the school fund. Retention of all documents such as collection records and receipts to support the transactions processed through the school fund. Preparation of the year end summary of transactions for inspection, in accordance with the Academies Financial Handbook
- assisting in the maintenance of an accurate inventory and associated security procedures
- assist in the preparation of the three-year budget plan and the financial returns to the ESFA

11.4 The Role of the Staff

The role of staff in school financial administration is:

- to familiarise themselves with this Policy
- to conduct all financial transactions relating to the school in accordance with this Policy
- to manage any budget delegated to them by the Headteacher responsibly, and after due consultation with relevant staff
- to actively seek 'best value' on all work, goods, materials or services procured on behalf of the school
- to ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the administrator for processing
- to notify the Finance Department of any discrepancies with goods ordered for their department

12. LIMITS OF DELEGATION

The following limits will be applied to the academies in the MAT and are further detailed in Appendix A.

12.1 Virements within Budget Share

The Headteacher is authorised to vary the annual budget by the Local Governing Body and the Board. This variation shall be the result of any change in the day-to-day spending plans of the school, but still be in accordance with the aims and objectives of the school, as laid down in the School Improvement Plan. This variation, known as a 'Virement within Budget Share' shall not exceed £5,000. A 'Virement within Budget Share' in excess of £5,001 and up to £20,000, should be reported to the Local Governing Body by the Headteacher and actioned after minuted approval of the 'Virement within Budget Share' by the Local Governing Body. A Virement in excess of £20,001 must be authorised by the Local Governing Body.

12.2 Orders

The sum of up to £1,000 is the amount authorised by signature of the delegated budget holder. The sum of up to £5,000 is the amount authorised by signature by the Budget Holder plus the MAT Accountant.

The sum of up to £10,000 is the amount authorised by the MAT Accountant and the Headteacher.

The sum of between £10,001 and up to £25,000 is the amount authorised by the MAT Accountant and the Headteacher but must have three written quotations. Include the aggregation of contracts over specific terms.

The sum of over £25,000 is the amount authorised by signature by the Headteacher via the Local Governing Body plus with written consent by the MAT Board. Exceptions apply to invoices from Examination Boards and Specific Grants which are earmarked.

In the absence of the MAT Accountant or Headteacher the Local Governing Body will nominate a member of staff to authorise the raising of orders on a temporary basis. This officer should be the most senior member of the teaching staff.

12.3 Invoices

Invoices will be authorised for payment by the relevant cost centre holder and then passed to the Finance Office for recording and payment through SAGE 50.

12.4 Cheques

All cheques issued from accounts administered by our schools must be countersigned by at least one other authorised signatory.

All cheques, and other instruments authorising withdrawal from the bank accounts administered by the secondary school, must bear the signatures of one authorised signatories up to £500 and two authorised signatories over £500.

13. FINANCIAL REPORTS TO GOVERNORS

The Headteacher is responsible for providing the Local Governing Body and the MAT Board with a report on the budgetary position of the school at regular intervals. The report should be produced on a monthly basis and presented to Governors at least once a term. (This may be delegated to the MAT Accountant).

Financial reports should be reliable and relevant to users; the characteristics of good quality financial information are:

- **Produced promptly.** Financial reporting should be carried out in line with the Academies Financial Handbook
- **Accurate.** Actual expenditure appearing on the report should agree to what has been processed on Sage. There should be a monthly reconciliation of the bank account to the local system Sage. Where amounts have been charged to the school and are still in dispute, these should still be included in the actual expenditure until queries have been resolved
- **Complete.** To provide governors with a “true and fair” view of the school’s financial position the reports must include accrued, prepaid and deferred expenditure or income, critical for decision making
- **Understandable.** Reports need to be understandable to the intended recipient; in particular, financial reports to governors should be jargon free or the jargon explained
- **Concise.** Reports should be summarised and not contain an unnecessary amount of detail. Expenditure and budget totals should be summarised to the headings contained in the annual ESFA funding statement and in the annual accounts

- **Include a profiled budget.** To ascertain whether the level of expenditure to a given date is reasonable, the expected expenditure up to the same date should be provided by the inclusion of a profiled budget. Based on knowledge of the school's spending patterns the profile looks at the total budget for the year and indicates what percentage of that budget it would be reasonable to have spent by the specified date
- **Include explanatory notes.** Where there are significant variances on budget headings an explanation should be provided with the report. Proposed actions to address variances should also be reported and actions agreed should be minuted. Where large orders are due to be placed, this may also require a note to the report
- **Include a projected out-turn** on at least a termly basis, which is an estimate of the final budget position of the school at the end of the financial year
- A consolidated MAT Management Accounts position should be prepared showing individual school position.

14. PROCUREMENT OF GOODS AND SERVICES

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by the Governing Body. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder on a regular basis showing current actual expenditure, committed orders and forecast year end position.

14.1 Purchase Orders

The procurement of goods and services is the process potentially most open to abuse or mismanagement and it is therefore essential to have strong financial controls to safeguard the school's interests. It is essential that all of the following controls are adhered to:

- orders should not be entered into verbally and unless a Business Credit Card has been used, orders should always include the school's terms & conditions of the order and protects the school against terms and conditions imposed by suppliers in the absence of quoted terms & conditions
- all orders for goods and services must be confirmed in writing or using email, using an official purchase form, unless exceptional circumstances dictate otherwise. It is the responsibility of the budget holder to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in the school budget for that purpose and that sufficient quotations/tenders have been obtained
- orders must bear the signature of the budget holder and must be forwarded to the Finance Office. Individually numbered purchase orders will be produced from the Sage 50 accounting computer records and will be reviewed and approved by nominated approvers before dispatch to suppliers
- the use of 'Official Order Forms' through the local system automatically updates the financial records and enables committed expenditure to be included in management information
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be faxed or emailed to suppliers, in order to reduce timelines. In such circumstances care should be taken to fax/email both sides of the official order form, so the supplier receives the school's terms and conditions

- orders may only be used for goods and services provided to the school, private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials or services net of VAT
- **orders up to £1,000** - can be ordered by budget holders via the Finance Department, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:
 - supplier chosen using government approved contracts
 - bulk purchasing of common consumables
 - negotiating discounts
 - taking advantage of sale seasons
 - obtaining alternative quotations wherever possible
 - sourcing proven, local suppliers based on service and quality
 - utilising buying consortiums
- **orders over £1,000 but less than £5,000** – can be ordered by the budget holder but also requires the signature of the MAT Accountant. The above steps should also be followed.
- **orders over £5,000 but less than £10,000** – requires the MAT Accountant signature as well as the Headteacher
- **orders between £10,001 and £25,000** at least three written quotations should be obtained for all orders to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced, and email confirmation of quotes has been received, before a purchase decision is made. Both the Headteacher and MAT Accountant will need to authorise too
- **orders over £25,000** - all goods/services ordered with a value over £25,000 in a year or for a series of contracts which in total exceed £25,000, will be subject to a tendering process and must be referred to the respective Local Governing Body and MAT Board for formal approval
- **Exceptions to this are gas and electric contracts, which have a validity of one day.** Headteacher, Chair of Governors and MAT Accountant to agree on the day and later approved at Trust Board meeting.

14.2 Invoice Processing

When invoices are received, it is essential to check that all the elements of the invoice are correct before authorising payment. The checks should be carried out and evidenced by separate individuals where possible.

All invoices should be sent to the Finance Office to be checked against the SAGE 50 numbered order (or equivalent in exceptional circumstances) and the delivery note to evidence the following:

- invoice arithmetically correct
- goods/services received
- goods/services as ordered
- prices correct
- that the invoice is not a copy or a facsimile and has not previously been paid. If it is necessary to request a duplicate invoice (if original is lost), then this duplicate shall be endorsed 'not previously passed for payment'. The endorsement should be certified by the signature of the Finance Officer or Headteacher

- Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay and within terms dictated by the supplier on returns
- if any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Officer or nominated individual, will put the invoice on hold so that payment is prevented, but recorded on the Sage 50 to reflect potential expenditure.
- an officer with delegated responsibility from the governing body (the Finance Officer, Headteacher or Head of Department will certify that the invoice is authorised for payment. This authorisation shall be evidenced by the personal signature of the Head of School, Finance Department or as per the Scheme of Delegation and must not be a facsimile or signature stamp
- Valuable items that are portable and desirable should be security marked and added to the inventory or asset register (£2000).
-

15. RECONCILIATION OF PROCEDURES

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against the school's account(s) are valid and verify that they are the responsibility of the school. The Headteacher is responsible for ensuring that controls are in place for these checks to be carried out. The Headteacher will delegate this role to the school's finance officer.

The Finance Officer is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- **payroll** - the Finance Officer will receive monthly payroll reports from the SAGE 50 accounting payroll system to check that transactions for supply staff, casual staff and overtime have been made correctly against authorised claim forms submitted. The Finance Officers/MAT Accountant will undertake a monthly reconciliation between the current month's actual expenditure and the budgeted payroll costs. Any significant variation should be investigated and, if needs be, reported to the Headteacher, should there not be a valid reason for the difference. The reconciliation should be signed by both the Finance Officer and the Headteacher to verify the accuracy of the payments made
- **bank balance per the nominal ledger to the bank statement** - the Finance Officer must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. The Reconciliation procedures must ensure that all bank accounts are reconciled to the School's cash book, reconciliations are prepared by the relevant finance employee, reconciliations are subject to an independent monthly review carried out by the Headteacher/Finance Officer and all adjustments arising are dealt with promptly.
- **procurement cards** - monthly statements will be received by the Finance Officer All receipts must be produced and reconciled monthly to the monthly statement by the Finance Officer or appropriate finance staff and reviewed and signed off by the Headteacher or MAT Accountant.
- VAT – completed quarterly using Sage 50 reports and reclaimed via HMRC.
- trial balance – balances for creditors, debtors, payroll and bank are reconciled to the trial balance and differences investigated.

Any unusual or long outstanding reconciling items must be brought to the attention of the Headteacher. The Headteacher or MAT Accountant will review and sign all reconciliations as evidence of their review.

16. OPERATION OF LOCAL EXPENDITURE BANK ACCOUNT

Each school must implement the following controls:

- a list of cheque signatories (mandate) should be drawn up whereby all cheques must have two authorised signatories
- a minimum of three signatures should be maintained on the mandate
- the Headteacher may sign all cheques other than those payable to themselves
- no member of staff is permitted to sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest

Arrangements must be made with the bank must include:

- a statement to be provided at least once a month
- to disallow any overdraft
- access to accounts daily via online banking
- facilitate BACS and International Payments
- chequebooks for each account

Direct debit payments may be entered into for the payment of utility bills and other suppliers with whom the school has a regular contract. The value of each Direct Debit should be reviewed and compared with invoices received from the supplier. Suppliers paid by Direct Debit must be reviewed regularly to ensure they continue to provide Best Value.

On receipt of the bank statements, the school will reconcile the bank balance to the balance held in the SAGE 50 system.

17. PETTY CASH ACCOUNTS

Petty cash accounts have been approved to be held at school's within the MAT, with a **maximum** cash balance of £300 for use by the school's within the MAT. The cash is administered by the Finance Office with reimbursements made from the Finance Office on production of supporting vouchers and receipts, up to the value of £30.

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. Advances on expenditure should be recorded in the petty cash, by slip, duly authorized. Variations to the advance should be recorded on another petty cash slip, the receipts attached, duly authorized and the original slip for the advance destroyed.

In the interests of security, petty cash payments will be limited to £30 maximum with each school having the ability to set their own local limit (WS £15, GHS £15, QKS £30). Higher value payments should be made by cheque directly from the main bank account as a purchase order.

Personal cheques must not be encashed from petty cash funds.

Expenditure is recorded manually in the first instance. Expenditure is then processed into the SAGE 50 accounting system against the appropriate cost code and department.

The Finance Office is responsible for entering all transactions into the petty cash records on a regular basis and regular unannounced cash counts should be undertaken by the Finance Officer to ensure that the cash balance reconciles to supporting documentation and the computer balance.

The Finance Officer should review and countersign the petty cash reconciliations.

Petty cash must be securely held at all times with access strictly limited to authorised officials only.

18. SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS

The local governing body is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control.

18.1 Security

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

Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the Headteacher immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for GHS cash (and cheques) held in a safe is £1,000, £10,000, as per the RPA insurance handbook (page 64). Walney and QKS (Zurich Municipal Policy) - £5000 – in a locked safe/strong room.

Losses due to theft of stocks or cash, shall be promptly reported to the Police, Headteacher, Governing Body and the CEO. If above £3,000, report to the ESFA.

Steps must be taken by the Headteacher to ensure that there is effective back up procedures for all computer systems. All back up disks, tapes, etc. should be securely retained in a fireproof safe, a separate building on site or remote location, with at least one tape/disk held securely off-site. Recommendations for backup procedures should be regularly checked with the school IT support provider.

Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the school should be promptly revoked.

The Headteacher or Data Controller shall register with the Information Commissioner, and comply with all regulations relating to by the Data Protection Act 2018.

18.2 Inventories

An asset register should also be maintained in a format agreed with governors, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and

equipment belonging to the School, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the de-Minimis level of £2,000.

The asset register should include the following information:

- asset description (if appropriate)
- asset number (if appropriate)
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset (if appropriate)

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts and the School's financial system
- support insurance claims in the event of fire, theft, vandalism or other disasters

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

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

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

The MAT has determined appropriate depreciation rates, based on the assessment of the useful economic life and expected residual value when the assets are acquired. Depreciation will be charged annually using the following straight line percentages:

- Furniture & equipment: 10%
- Computer equipment & software: 25%
- Motor vehicles: 20%
- Plant & Machinery – straight line over 15 years
- Freehold Buildings – straight line over economic life (8 to 50 years)

All the items in the asset register should be permanently and visibly marked as the School's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Governing Body. Inventories of School property should be

kept up to date and reviewed regularly. Where items are used by the School, but do not belong to it, this should be noted.

The immediate responsibility for the safeguarding of equipment lies with the end user departments. In support of this, the School provides security measures, including, burglar alarm systems, CCTV, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover.

18.3 Acquisitions and Disposal of Assets

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

- acquiring a freehold on land or buildings
- disposing of a freehold on land or buildings
- disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally

Schools may dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above) without the approval of the Secretary of State. Any disposal must maintain the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

Some property transactions may be novel or contentious and so require the consent of the Secretary of State on that basis. Novel payments or other transactions are those in which the school or the MAT has no experience, or are outside the range of normal business activity for the trust. Contentious transactions are those which might give rise to criticism of the trust by the public or the media. It is difficult to be specific about what might constitute novel or contentious payments; it is for trusts to use their judgement about when they should seek the prior advice of the ESFA. Public money must always be spent prudently and in ways that command broad public support.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where significant, should be sold following due process:

- taking reasonable steps to advertise the disposal
- inviting bids for the asset (sealed bids are preferable)
- negotiating with potential purchasers

The School must seek the approval of the DfE in writing if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.

The MAT may agree to give assets bought for a proper purpose, but which are no longer needed for the conduct of its business, to a charity, up to a maximum value of £1,000 per single donation. The residual value of assets is determined by the greater of the written down value or market value.

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

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

18.4 Loan of Equipment

Items of School property must not be removed from School premises without the authority of the Head of Department or Headteacher. A record of the loan must be recorded and the asset booked back in when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the School's auditors.

19. INSURANCE ARRANGEMENTS

The Governing Body will take out such insurance as it sees fit and/or as it is advised, and to comply with statutory requirements. The Governing Body will obtain the following insurance cover as a minimum:

- Buildings and contents
- Business continuity
- Employers and Public Liability
- Personal Injury
- Travel
- Hirers Liability

All risks will be reviewed annually to ensure that the cover is adequate.

All contractors must have public liability insurance before they are allowed to undertake work on the School's premises.

People hiring the School's premises and using facilities should either be covered by the School's insurance at an additional cost, or must produce a valid public liability insurance with indemnity up to £5,000,000.

20. RECEIVING INCOME

The main sources of income for the School are the grants from the Education & Skills Funding Agency (ESFA). The receipt of these sums is monitored directly by the MAT Accountant who is responsible for ensuring that all grants due to each School are collected.

Schools also obtain income from:

- student teachers from universities and other institutions
- hiring of premises and facilities
- school meal sales
- uniform sales

- students, mainly for trips
- external peer review and support services
- Staffing utilised by other organisations
- Payroll/HR advice
- Higher Level Financial Monitoring

Charges can also be made to students to defray the costs of certain activities (see section 19. Charging Policy). Certain curriculum departments generate some income through entrepreneurial activities. Such charges should be made in accordance with the MAT's charging policy.

Premises hire charges are determined by the Governing Body's policy on premises hire, unless exceptional circumstances require otherwise. In such circumstances, charges are determined at the discretion of either, the Headteacher and/or the MAT Accountant.

Bookings for lettings are made through each Schools Support Functions and the Finance Officer. A list of hirers for invoices to be prepared should be sent to the Finance Office with a booking form.

Payments for invoices raised via Sage 50 and issued by the School, are sent directly to the school and will be recorded as School income into the lettings budget cost centre within the SAGE 50 accounting system and manual receipts will be issued when requested.

All monies must be banked, in their entirety, in the appropriate bank account. The Finance Officer or nominated deputy is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Headteacher or the MAT Accountant.

All outstanding invoices should be reviewed each month by the Finance Officer and pursued to ensure that the School receives all monies due.

Schools may write off debts and losses, subject to a £250,000 ceiling, including any uncollected fines up to the following delegated limits:

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

In relation to these limits, the amounts for write offs are before any successful claims from an insurer and total income is defined as grant income as disclosed in the Trust's last set of audited accounts.

21. MISCELLANEOUS ISSUES

21.1 Register of Pecuniary (or Business) Interests

The Governing Body shall maintain a 'Register of Pecuniary Interests' that lists the personal interests, financial or otherwise, that could be deemed a potential conflict of interest for any Governor, Headteacher or any other member of staff. All Governors and members of staff shall declare in writing if they have a pecuniary interest in a personal capacity in any contract with the school.

The Headteacher shall keep the Register up to date as new Governors or staff join the school and must undertake an annual review. A Pecuniary Interest form should contain the following information:

- the name of the relevant member of staff
- the company or organisation the member of staff has an interest in
- what the interest is

Those Governors or staff not holding any pecuniary interests must submit a signed nil return.

21.2 Expenses Paid to Governors

Expenses may be paid to Governors in accordance with DfE guidance.

21.3 Audit

Schools will be subject to internal audit of financial controls by a bought in internal audit service from a firm with professional indemnity insurance, and internal audit of risk management and non-financial controls via a peer review with the chief finance officer of another academy trust, as per the Academies Financial Handbook. Also, the school will receive an 'end of year audit' in preparation for submitting the end of year accounts to Companies House and submission to the ESFA.

The Responsible Officer will review all processes – Sales, Purchasing, Banking and Nominal, spot-checking a representative sample of items, making recommendations as required. Recommendations need to be reviewed by the Risk, Audit and Finance Committee and action taken to amend policies and operating procedures.

Scheme of Delegation – Financial Authorisation Limits – see separate sheet

Expenditure Limits

Budget Holder	up to £1,000
MAT Accountant	up to £5,000
MAT Accountant & Headteacher	up to £5,000-£10,000
MAT Accountant & Headteacher (plus 3 quotes)	up to £10,000 - £25,000

Business Charge Card Limits

Headteacher	£10,000
MAT Accountant	£5,000

Virement Limits

Headteacher	5,001 - £20,000
MAT Accountant	Up to £5,000
Local Governing Body	above £20,000

Ordering Process

Three Quotes	£10,000
Tendering	£25,000

Gifts & Hospitality

Gifts & Hospitality	Up to £30
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Exceptions

- Examination Board Invoices
- Earmarked Grants, e.g. CIF
- Tendering – Gas and Electric

Approval required by MAT Accountant/Headteacher/Chair of Governors. Retrospective approval sought at the next Trust Board meeting.

Tendering Policy

All goods/services ordered with a value over £25,000 must be subject to formal tendering procedures. The procurement rules in the Public Contracts Regulations 2015 should be observed, and professional advice sought where appropriate.

Ordering goods which may potentially be over £25,000 must be discussed with The Headteacher prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated. 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 MAT Accountant how best to advertise for suppliers, 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 of 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
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - 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

Preparation for Tender

Full consideration should be given to:

- objective of 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 (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

If a restricted tender is to be used, then an invitation to tender must be issued. If an open tender is to be 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
- form of response.

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 that the tender price is the total price and that there are no hidden or extra costs
- is there 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 to have an accountant or similarly qualified person examine audited accounts etc.
- other user recommendations

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the 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 stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

Tendering Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- for contracts up to £75,000: two of the budget holder or the MAT Accountant and the CEO
- for contracts for goods and services over £75,000: either the Headteacher, Chief Finance Officer, the CEO, Accounting Officer plus a member of the Local Governing Body.

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

Tendering Procedures

The evaluation process should involve at least two 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. For contracts over £25,000 a report should be prepared for the Local Governing Body, highlighting the relevant issues and recommending a decision. For contracts for goods and services over £25,000 the decision and criteria should be reported by the Risk, Audit and Finance Committee to the Trust Board for approval.

Where required by the conditions attached to a specific grant from the DfE, 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 School. All parties should then be informed of the decision.

Best Value Statement for Local Governing Bodies

Introduction

The local governing body is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Governors need to secure the best possible outcome for students, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services.

What is Best Value?

Governors will apply the four principals of best value:

- **Challenge:** Why, how and by whom a service is provided
- **Compare:** School performance against available data.
- **Consult:** With service users, the local community etc.
- **Competition:** Wherever practicable, to secure efficient and effective services

The Governors' Approach

The Governors and school management will apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the school
- the targeting of resources to best improve standards and the quality of provision
- the use of resources to best support the various educational needs of all students

The Governors and the school management will:

- make comparisons with other/similar schools using available data ie Benchmarking
- challenge proposals, examining them for effectiveness, efficiency, and cost
- require suppliers to compete on grounds of cost and quality/suitability of services/products
- consult individuals and organisations on quality/suitability of service we provide to parents students, and services we receive from providers

This will apply in particular to:

- **staffing** - governors and school managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-student ratio, and curriculum management
- **use of premises** - governors and school managers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources
- **use of resources** - governors and school managers will deploy equipment, materials and services to provide students and staff with resources which support quality of teaching and quality learning
- **quality of teaching** - governors and school leadership will review the quality of curriculum provision and quality of teaching, to provide parents and students with a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy and National Numeracy Strategy, and the needs

of the students and teaching which builds on previous learning and has expectations of children's achievement

- **quality of learning** - governors and school leadership will review the quality of children's learning by setting of student achievement targets
- **purchasing** - governors and school managers will develop procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost
- **student's welfare** – governors, DSL and school leadership will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation
- **health and safety** – governors, Facilities Manager and school leadership will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for students, staff and visitors

These areas will be monitored for best value by:

1. Departmental reviews by the Headteacher and Senior Leadership Team
2. Termly target setting meetings between Headteacher, Senior Leadership Team and head of departments
3. Annual Appraisal
4. Annual budget planning
5. Headteacher's reports including financial review
6. Feedback from responsible officer and audit report
7. Analysis of school student performance data
8. Analysis of LA/DfE financial data
9. Analysis of DfE student performance data
10. Key issues for action identified by OFSTED after site inspections
11. Governors termly committee meetings
12. Governor's annual staff salary review

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable issues

Travel and Subsistence Policy

Introduction

If an employee is not sure whether they will be able to make a claim in a particular situation, they should ask before they incur any expenses, as this may not be reimbursed. Clarity should be sought before a claim is submitted.

It is very important that claims are not made outside the terms of this policy and guidance unless permission has been given specifically to deal with a particular situation.

Accommodation

In some situations, particularly certain training courses, accommodation is provided as part of the package, in which case employees do not need to make any claim. In other cases, the employee will be reimbursed the actual cost of bed and breakfast incurred or up to an appropriate level (see expenses form), whichever is the lower, unless agreed beforehand ie London training course accommodation.

Out-of-pocket Expenses

Employees attending residential training courses are entitled to claim an allowance to cover incidental out-of-pocket expenses (e.g. telephone calls to home). The amount is published with other allowance figures and is reviewed annually; if employees need to travel abroad, escorting students on trips etc. out-of-pocket expenses may be claimed.

Travel

General Principles

Employees should only make business journeys when they are absolutely necessary. Other options, which are more efficient and cost effective for example email, telephone, video or telephone conferencing, should always be considered before travel is undertaken.

Where a business journey is necessary, employees are expected to organise it in the shortest and most cost effective way.

Employees whose post requires them to undertake business travel are responsible for their own travel arrangements and these must be carried out in the most effective and efficient way to perform the job. The MAT will support necessary business travel, including reimbursement of costs arising from the use of employees' own vehicles.

Environmentally friendly travel should be encouraged. Mileage payments will be made within Her Majesty's Revenue and Customs guidelines.

Mileage Payments

Employees who use their own car, van, motorcycle or cycle for official MAT work purposes are entitled to be reimbursed in accordance with Her Majesty's Customs and Revenue (HMRC) approved mileage rates.

Where a number of employees undertake the same or a similar journey, they should always travel together.

The basic criteria for claiming official mileage is that this should be calculated from the employee's workplace and back again. Normal everyday home to office mileage is the employee's responsibility.

Where it is more beneficial for employees to travel direct from home to an outside appointment or vice versa, rather than call in to the workplace first, they are only entitled to claim the number of miles over and above their normal home to work mileage. On this basis, all travel claims in any one day should always exclude the employee's normal home to office miles regardless of the reason e.g. training course etc.

The only circumstance in which normal home to office mileage is payable is where a second journey from home to a place of work is made on the same day in order to carry out official duties. Where an employee agrees to work on a day they would not normally work, it is still their responsibility to get to and from work (including training courses). Therefore, no home to office mileage is payable.

Other conditions

Where an employee is required to travel from their normal workplace to carry out their day-to-day role, travelling time is included within their normal working day. However, employees who are expected to travel to training courses can claim no more hours than their normal working day including travelling time.

Rail Travel

If an employee requires a rail ticket for business purposes they must contact the authorised person who can organise this for them.

Employees are expected to travel standard class and take advantage of off peak or other reduced rates if the circumstances allow.

Parking Expenses

Bus fares and car-parking charges incurred on School/MAT business may be reclaimed in full.

The MAT will not reimburse in respect of parking and similar fines incurred on business by employees.

Authorisation

The formal responsibility for authorising business journeys rests with the authorised officer/Departmental Head or SLT link. Employees are advised to seek approval in advance for any unusual journeys where there is likely to be any doubt about the legitimacy of the journey or of the amount of mileage that can be claimed.

Methods of Claiming

Employees should complete the Travel, Subsistence and Expenses Claim, attaching the relevant VAT receipts. Claims should be made on such dates specified by an individual department and submitted immediately to departmental administrators in order that processing by the Finance Department may take place. Claims must be made on a regular basis; if an employee delays and then submits forms covering a substantial period they must expect a delay in processing and payment. Where appropriate, relevant review forms must be completed and returned to HR/CPD Co-ordinator, then the employee must expect a delay in processing and payment.

The MAT will take a very serious view of fraudulent or negligent claiming or certification.

Insurance

Employees who use their own vehicle for work should ensure they have the appropriate insurance to cover business travel. This is normally referred to as 'Business, Social and Domestic' cover by Insurance companies. It is the employee's responsibility that they are insured.

The following rates apply to employees who are required to travel on the MAT business from 6 April 2021/22:

Pence per mile, per trip

Car or Van Users

First 10,000 miles 45p

After 10,000 miles 25p

Electric car claim rates – 4p per mile (HMRC advisory rate)

Interviewing Candidates

Interview Expenses

Shortlisted candidates may request reimbursement towards the cost of essential travel and accommodation to attend interview.

Travel

All travel tickets should be purchased as far in advance as possible to ensure the ticket type offers the best value available.

Car fuel claims

Candidates are entitled to reclaim an amount to cover the cost of fuel for their return journey to and from interview at a rate of 20p per mile.

Hotels

The cost of essential overnight accommodation may be claimed up to a maximum of £70 per night.

For all claims relating to interviews, proof of the transaction must be retained and provided to the Finance Department (via HR) along with a completed expense claim form.

Fixed Asset Policy

Introduction

The purpose of this policy is:

- to provide guidance when dealing with capital expenditure and the purchase and disposal of fixed assets (as defined below); and
- to provide guidance on other aspects of fixed asset accounting such as depreciation and revaluation

Definitions

Accumulated Depreciation

The total accumulated amount charged to the income and expenditure account to reflect the use of the asset by the business, over its useful economic life. The value of the fixed asset on the balance sheet will be reduced over the useful life of the asset.

Capitalisation

The addition to the balance sheet of an amount in respect of an asset which has come into the possession of the school, whether through purchase or donation or gift in kind.

Carrying amount/net book value

The purchase cost (or valuation) of a fixed asset less the accumulated depreciation on that fixed asset.

Depreciation

The charge made to the income and expenditure account each month to reflect the use of the asset by the business during the period.

Fixed Assets

A fixed asset is an asset that has a useful life greater than one year. This includes land, buildings, office furniture and equipment (e.g. air conditioning, heating systems), vehicles, IT equipment and other classroom equipment. These are included in the School balance sheet. Consumables which are used on a daily basis are not fixed assets.

Fixed Asset Register

An inventory of all fixed assets which must include date purchased, the depreciation rate, net book values and the depreciation.

Grant

Funds given to the School by a third party, subject to complying with any terms and conditions attached to the grant, to purchase unspecified fixed assets.

Recoverable Amount

The cash proceeds when an asset is disposed.

Categories of Fixed Assets

This list describes the categories of fixed assets most commonly used by Schools. It is not exhaustive and other categories may be added but only with the approval of the Principal Finance Officer/MAT Accountant.

Freehold and Long Leasehold Buildings

The cost of acquiring freehold and long leasehold land and buildings. It includes all external costs incurred as part of the acquisition such as legal and professional fees as well as other costs such as building costs which are necessary in order to bring the asset into use.

The MAT must seek and obtain prior written approval from the Secretary of State, via the ESFA when acquiring a freehold on land or buildings.

Fixtures and Fittings

Items such as shelving, fixed or free standing, soft furnishings and general furniture such as chairs, desks which will last a number of years but not as long as the building in which they reside.

Plant and Equipment

Items such as air conditioning, lifts, heating system, diesel generators and classroom equipment, which will be used for several years.

Computer Equipment and Software

Cost of the computer hardware used throughout the School along with 'significant' software.

Criteria for Capitalisation of Assets

Expenditure Eligible for Capitalisation

Authorised and approved expenditure for an item which meets the definition of a fixed asset, and exceeds £2,000, should be identified and flagged as a fixed asset. The asset should be recognised on the School balance sheet.

The cost of the fixed asset should include the cost of the asset and any other costs directly attributable in bringing the asset into a condition where school employees and students can use it. Such costs include, but should not be limited to:

- costs of enhancements (not repairs and renewals), which significantly extend the life of the asset and would not be carried out on a regular basis (e.g. building improvements)
- costs of external consultants whose work is directly attributable to the implementation of the asset

Expenditure Not Eligible for Capitalisation

- individual items costing less than £2,000, unless purchased in bulk as part of a capital project
- costs of staff training as part of normal business activities
- administration and general overheads for running day to day activities
- planning costs relating to initial activities such as option appraisals, feasibility studies, identifying appropriate hardware and applications and selecting suppliers and consultants

- cost of abortive work
- post implementation support and maintenance costs related to software installation

Accounting Treatment (valuation in balance sheet)

Only costs eligible for capitalisation should be entered into the accounts.

Costs must be allocated against individual fixed assets.

The cost of the asset includes the purchase price (including import duties and non-refundable taxes) and any other direct attributable costs of bringing the asset to working condition. Discounts received should be deducted from the total cost.

Expenditure on enhancing a fixed asset already recognised on the balance sheet should be added to the carrying amount where the expenditure meets the definition above.

Fixed assets purchased with grant money must be clearly identified in the fixed asset register.

Revaluation of Fixed Assets

Freehold and long leasehold land and buildings will be revalued by independent valuers periodically.

Gains on revaluation of fixed assets must be credited to the relevant reserve as follows:

- land and building revaluations should be transferred to a designated revaluation reserve
- losses on revaluation must be debited to the relevant reserve (revaluation, fixed assets revaluation reserve) to the extent that gains have previously been recognised and recorded

Depreciation

Depreciation is charged against fixed assets over the expected useful life of the asset to reflect the usage of the asset over time.

The MAT uses the straight-line method of depreciation where the asset cost is written down in equal annual amounts over its expected useful life.

The period over which the asset is depreciated varies according to the category of the asset.

All tangible fixed assets, other than assets in progress must be depreciated as follows:

- Freehold Buildings – straight line over economic life (8 to 50 years)
- Plant & machinery – straight line over economic life (15 years)
- Furniture & equipment: 10%
- Computer equipment & software: 25%
- Motor vehicles: 20%

Depreciation will be charged from the month in which a newly purchased asset comes into use.

Depreciation ceases to be charged in the month the asset is disposed.

Disposal of Fixed Assets

When a fixed asset is sold or otherwise disposed, a profit or loss may arise. This is the difference between the total sale proceeds, less the cost of disposing of the asset, and the net carrying amount of the asset.

The profit or loss arising on disposal should be recognised as follows:

- profits on disposal of fixed assets must be included in the income and expenditure account under 'profit or loss on sale of assets'
- losses on disposal of fixed assets must be treated as additional depreciation and included in the relevant account within the income and expenditure account

Any asset that is lost or destroyed, and subsequently replaced through insurance proceeds should be removed from the balance sheet. The profit or loss arising (the difference between carrying amount and insurance proceeds) must be recognised in the income and expenditure account under profit and loss on sale of fixed assets. The replacement asset is capitalised at cost in the normal way.

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

- disposing of a freehold on land or buildings; and
- disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

The MAT may dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above) without the approval of the Secretary of State.

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

Custodial Review

The fixed asset register must be formally checked to the assets held at least once a year by the Finance Officer and verified by the MAT Accountant.

