



The 3-18 Education Trust

FINANCIAL PROCEDURES MANUAL

Person(s) Responsible: Finance Director / Finance & Audit Committee

Next Review Date: June 2022

1. Background

- 1.1 The purpose of this policy and associated procedures is to ensure that The 3-18 Education Trust (“the Trust”) maintains and develops systems of financial control which conform to the requirements of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust’s Funding Agreement with the Department for Education (DfE).
- 1.2 The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that and provides detailed information on the Trust’s accounting procedures. It should be read by all staff involved with financial systems.
- 1.3 This manual covers finance related policies such as depreciation, Trust companies, reserves, investments, charging and remission, staff expenses and Director’s expenses.
- 1.4 This policy relates to all of the Trust’s academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.
- 1.5 This policy is designed to be consistent with:
 - EFSA Academy Trust Handbook
 - Trust Articles of Association / Constitution
 - Master and Supplemental Funding Agreements
 - HM Treasury’s “Regularity, Propriety and Value for Money”

This policy also contains the following appendices:

- Appendix 1 – Financial Authorisation Limits
- Appendix 2 – Tendering
- Appendix 3 – Reserves Policy
- Appendix 4 – Charge Card Holders

2. Organisation

- 2.1 The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. The financial reporting structure is outlined as below:

Trust Board of Directors / Finance & Audit Committee

- 2.2 The Board of Directors / Finance & Audit Committee of the Trust has overall responsibility for the administration of its academies' finances and the effectiveness of internal controls

The main responsibilities of the Board are prescribed in the Trust Articles of Association, its Constitution and in the Funding Agreement between the Trust and each of its academies with the Department for Education (DfE).

The responsibilities in relation to financial matters include:

2.2.1 Trust Board of Directors

The Board is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:

- Finance policy development and strategic development;
- Ensuring sound management and administration of the Trust and its academies, and ensuring that managers are equipped with the relevant skills and guidance;
- Ensuring compliance with general legislative requirements;
- Management of the Trust's financial, human and other resources;
- Monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon;
- Setting the Trust's standard of conduct and values;
- Assessing and managing risk (including the preparation of a statement on academies risk management for its annual report and accounts)
- To hold to account each Head of School and their staff.

2.2.2 Finance & Audit Committee

The committee is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity, most particular by:

- Assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds;
- Promoting a climate of financial discipline and the opportunity for financial management.

In addition, the committee is responsible for scrutinizing the Trust and Academy budgets and finance, internal control systems and risk management arrangements, most particular by:

- Assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds;
- Improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board;
- Promoting the development of internal controls and risk management systems which will help satisfy the Board that the Trust and its Academies will achieve their objectives and targets, and are operating:
 - In accordance with any statutory requirements for the use of public funds;
 - Within delegated authorities laid down by the Board of Directors;

- In a manner which will make the most economic and effective use of resources available.

The Chief Executive Officer (CEO)

2.3 The CEO is the Accounting Officer with responsibilities as described in HM’s “Regularity, Propriety and Value for Money”.

The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he/she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety and regularity.

2.4 The main responsibilities of the CEO include:

- The development of the annual budget;
- The development of medium term financial planning;
- The regular monitoring of actual expenditure and income against budget;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies;
- Ensuring that the regular reports provided to the Board are timely and accurate;
- Authorising orders and the award of contracts within the approval limits in Appendix 1;
- Authorising payments within the approval limits shown in Appendix 1;
- Authorising changes to the Trust’s personnel establishment.

Heads of School/Headteachers

2.5 Within the framework of the Trust’s Development Plan, each academy Head of School has overall executive responsibility for the academy’s activities including financial activities. Much of the financial responsibility has been delegated to the Finance Director and the Business Manager but the Head of School still retains responsibility for:

- Approving new staff appointments within the authorized establishment, except for any senior staff post which the Board of Directors have agreed should be approved by them;
- Authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- Ensuring the delivery of the academy budget as approved by the Trust;
- Monitoring the regular budget reports with the Business Manager and acting on overspends at risk.

The Finance Director

2.6 The Finance Director works in close collaboration with the CEO through whom he or she is responsible to the Trust Board. The Finance Director has direct access to the Board.

The main responsibilities of the Finance Director are:

- The management of the Trust’s financial position at a strategic and operation level within the framework for financial control determined by the Board;
- The maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each academy;
- The preparation of budgets and medium term financial plans;
- Ensuring returns to the EFSA and other funding agencies are completed correctly and on time;
- Ensuring returns to statutory agencies are completed;
- Cash flow and treasury management including managing investments;
- Functional management of Academy Business / Operation Managers (under a matrix management approach with academy line manager)
- Authorising orders and the awards of contracts within the approval limits shown in Appendix 1;

- Authorising payments within the approval limits shown in Appendix 1.

Business Manager

Is it envisaged that each academy will have a Business Manager or a person who undertakes the role albeit with a different job title.

2.7 The Business Manager will work in close collaboration with the Finance Director. The main responsibilities for this post are:

- The day-to-day management of financial issues;
- Authorising orders and the awards of contracts within the approval limits shown in Appendix 1;
- Regular and routine monitoring of the school budget;
- Reviewing the monthly management accounts and presenting to the Local Governing Body (LGB);
- Ensuring that financial controls are working effectively at academy level.

Internal Audit

2.8 The Internal Auditors are appointed by the Board (through the Finance & Audit Committee) and provide Directors with an independent oversight of the financial affairs. The main duties of the Internal Auditors are to provide the Board with independent assurance that:

- The financial responsibilities of the Board are being properly discharged;
- Resources are being managed in an efficient, economical and effective manner;
- Sound systems of internal financial control are being maintained;
- Financial considerations are fully taken into account in reaching decisions;
- Risks are identified and appropriate actions put in place.

In addition, the CEO will regularly undertake internal checks of all financial processes.

2.9 The Board will appoint Internal Auditors to undertake a regular programme of reviews to ensure that financial transactions have been properly processed and that controls are operating effectively. A report of the findings from each visit will be provided to the Finance & Audit Committee for review.

Other Staff

2.10 Other members of staff, primarily Finance Assistants, Admin Assistants and Budget Holders will have some financial responsibility and these are detailed in the following sections of this policy.

Conflicts of Interest

2.11 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 Trust Directors and senior staff are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection.

2.12 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organization which may have dealings with the Trust. The disclosures should also include business interests of relatives such as parent or spouse or business partner where influence could be exerted over a director or a member of staff by that person.

2.13 The existence of a register of business interests does not detract from the duties of Directors and staff to declare interests whenever they are relevant to matters being discussed by the Board or a Committee. Where an interest has been declared, Directors and staff should not attend that part of any committee or other meeting.

3. Accounting System

- 3.1 The Trust uses PS Financials accounting software at all its academies. All financial transactions of the Trust must be recorded on this system, with the exception of individual school fund accounts which are recorded on a finance system of the school's choosing.

System Access

- 3.2 Entry to the PSF accounting system is password restricted and the Finance Director is responsible for implementing a system which ensures that passwords are changed at least once a year.
- 3.3 Access to the component parts of the system can also be restricted and the Finance Director is responsible for setting access levels for all members of staff using the system.

Back Up Procedures

- 3.4 The Finance Director is responsible for ensuring that there are effective back up procedures for the system. A full back up is taken every evening and these backups are kept for a 10 day period.

Transaction Processing

- 3.5 All transactions input into the accounting system must be authorized in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are identified in the associated operational system procedures.

Reconciliation of Balance Sheet Accounts

- 3.6 The Finance Director is responsible for ensuring the following reconciliations are performed monthly for each academy and that any reconciling or balancing amounts are cleared:
- Sales Ledger Control a/c;
 - Purchase Ledger Control a/c;
 - Payroll Control a/c;
 - Accruals & Prepayments;
 - Bank a/c.

4. Financial Planning

- 4.1 The Trust and each academy will prepare both medium term and short term financial plans. Medium term is defined as a period of three years;
- 4.2 The medium term financial plan is prepared as part of the Trust and Academy Development planning process. The Development plan indicates how the Trust's and each academy's educational and other objectives / priorities are going to be achieved within the expected level of resources over the next three years.

School Development Plan

- 4.3 The School Development Plan (SDP) provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each academy and the planned use of those resources for the following year.
- 4.4 The Development Plan is concerned with the future aims and objectives of the Trust and each academy and how they are to be achieved; the Trust will set the overall Core Objectives which will be turned into specific objectives for each Academy. The Development Plans will ensure that the Trust's objectives and targets are matched to the resources expected to be available. Plans should ideally be

simplified and flexible.

- 4.5 The form and content of the Development Plan will be set by the CEO and due regard should be given to any annual guidance issued by the DfE.

Annual Budget

- 4.6 The Finance Director is responsible for working with the CEO, Heads of Schools/Headteachers, Business Managers and others to prepare a draft annual budget for consideration of the LGB Link Governor for Finance.
- 4.7 The approved budget must be submitted to the DfE by the specified date, the Finance Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. A financial calendar will be prepared which details all the submission dates required by the ESFA.
- 4.8 The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilized. There should be a clear link between the Development Plan objectives and the budgeted utilization of resources;

Balancing the Budget

- 4.9 Each Academy should set a balanced budget taking into account the current level of reserves, medium term projections and the need to invest to meet the longer term business plan.

Finalising the Budget

- 4.10 Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance Director for approval by the CEO, Finance & Audit Committee and the Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

Monitoring and Review

- 4.11 Monthly reports will be prepared and distributed via email by the Finance Director, supported by the Business Manager. The reports will detail actual income and expenditure against budget for budget holders, a commentary on variances and cashflow projections at a summary level for the CEO, Heads of School, LGB and Board of Directors.
- 4.12 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. Monthly management accounts will always include a latest financial forecast for the year.
- 4.13 If a budget overspend is forecast it may be appropriate to vire money from another budget. All budget virements must be authorised as shown in Appendix 1.

Budget Timetable

- 4.14 To understand the budget cycle, the various stages can be broken down as follows:

<u>Month</u>	<u>Action</u>
February	GAG funding statement received from ESFA.
March	Indicative budgets drawn up in conjunction with the Finance Director, Heads of School and Business Manager.

May	Final draft budgets is prepared in conjunction with the stakeholders mentioned above and the LGB Finance Link Governor.
June	Budgets submitted to the Finance & Audit Committee for approval.
July	Submission of approved budget to the Board for final approval. Budget is then submitted to the ESFA.

5. Payroll

5.1 The main elements of the payroll system are:

- Staff appointments;
- Payroll administration and payments.

Staff Appointments

5.2 As part of the annual budget process, the Trust Board will approve a staff establishment for the Trust and academies. Substantial changes (e.g. the addition of permanent full time posts) can only be made to this establishment with the express approval in the first instance of the CEO who must ensure that adequate budgetary provision exists for any establishment changes.

5.3 Where changes are in line with the agreed budgets and in line with the approved Academy Development Plan, Heads of Schools/Headteachers have authority to change the FTE size or scope of posts within their Academy – these changes will be included in the Head of School’s report to the Local Governing Body.

5.4 The CEO and Heads of Schools have authority to appoint staff within the authorised establishment except for the role of Head of School. The CEO will approve all appointments to the Senior Leadership Team for academies in the Trust.

Payroll Administration and Payments

5.5 Payroll is currently outsourced and the approval of the Finance & Audit Committee is needed to change any such arrangements.

5.6 The Trust has a pay policy and all changes to pay must be consistent with this. Any variations to this must be raised with the CEO.

5.7 The monthly payroll must be approved by the Head of School/Headteacher or the Business Manager at each school prior to payments being made. This is subsequently reviewed and approved by the Finance Director. Any amendments to new staff additions, contract changes and overtime must be approved by the Head of School/Headteacher.

5.8 All severance payments must be approved by the CEO.

6. Procurement

6.1 The Trust wants to achieve the best value for money from all its purchases. This means getting goods at the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and there is a 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 Trust;
- Accountability – the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness – that all those dealt with by the Trust are dealt with on a fair and equitable basis.

It is particularly important in the case of the Trust that any purchases where a Trust Director/Local Governor/Member or senior staff member may have a conflict of interest are managed with the utmost probity. Services/Goods offered by a related party can only be done so at cost regardless of the amounts involved. All members, trustees, local governors of academies within the trust, and senior employees have completed the register of interests.

Routine Purchasing

- 6.2 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the Business Manager, and to ensure that any expenditure is consistent with the objectives of the academy.
- 6.3 Appropriate authorisation limits are reviewed annually and approved by the Trust's Board (see Appendix 1).
- 6.4 It is necessary to take the principles of best value into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted.

Approved Suppliers

- 6.5 The finance department maintains a list of preferred suppliers on its PS Financial system with whom the Trust can enter into transactions. The budget holders are able to introduce or recommend new suppliers by submitting a 'New Suppliers form' available from the Business Manager. The Finance Director will approve any new supplier and input this information on the finance system.
- 6.6 Procurement routes are outlined in Appendix 2.

Local Suppliers

The Trust is committed to supporting local suppliers. To this end, academies within the Trust will ensure that each time three quotations are obtained, one quotation must be from a 'local' supplier, where possible. A 'Local Supplier' is determined as any supplier that has its registered address within a 20 mile radius of the location of the individual school.

Form of Tenders

- 6.7 Details of forms of tenders and how to run a tender process are included in Appendix 2.

Charge Cards

- 6.8 Each Academy within the Trust along with the MAT Office has a limited number of Business Charge Cards available for purchasing online or purchasing in shops. All charge card holders will retain receipts of purchases and these are reconciled by the Finance Director on a monthly basis. The CEO will sign off the charge card expenditure on a monthly basis.
- 6.9 Procedures for the authorization of expenditure using charge cards is identified in Appendix 4.

Extending Existing Contracts

The Trust Board may extend existing high value contracts if they feel they are achieving the best value for money for the Trust. Discussion about extending any high value contracts should take place at Board level, and should be documented accordingly.

7. Income

- 7.1 The main sources of income for the Trust are the grants from the DfE/ESFA. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the Trust are collected. GAG income for each academy is transferred to their individual bank account as soon as it received from the ESFA.
- 7.2 Grant funding is received from sources such as the Local Authority for a variety of purposes including SEN funding.
- 7.3 The Trust also obtains income from:
- Students – for trips, activities, school dinners;
 - The Public – for lettings / donations.

Trips

- 7.4 Each Academy has a specific procedure for trips and visits. A designated member staff member must be appointed for each trip to take responsibility for the collection of sums due. The appointment must be approved by the Business Manager.

Cheque payments from the school fund account must be signed by at least one member of the academy's Senior Leadership Team.

The designated staff member, in conjunction with the trip organiser, will be responsible for estimating the costs, ensuring the cash is collected, and reconciling the funds for the trip.

For residential trips a detailed cost plan must be agreed and signed off by the trip organiser and Business Manager prior to organizing the trip.

Lettings

- 7.5 Letting and hire of the Trust facilities will be conducted in line with the Lettings Policy for each academy which includes a scale of charges. This will be reviewed annually.

Custody

- 7.6 Monies for trips, lettings and other sundry items will be held securely in the Academy's finance office, and banked and reconciled promptly. All financial transactions will be recorded through the individual academy's school fund accounting software.

8. Cash Management

Bank Accounts

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

Payments and Withdrawals

- 8.2 All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures of authorised signatories as listed in Appendix 1.

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Trust. At least one of the cheque signatories must not sign a cheque in relation to

goods or services for which they have also authorised the expenditure.

Administration

- 8.3 All bank accounts must be reconciled by the Finance Director, within five working days of month end, where possible. Bank reconciliations for each academy are then countersigned by CEO.

Petty Cash Accounts

- 8.4 The Trust does not permit schools to hold petty cash.

Payments and Withdrawals

- 8.5 Payments should be made by BACS directly from the main bank account . Cheque payments are permitted for school fund expenditure and occasional expenditure from the main Trust budget, as directed by the Finance Director.

Administration

Cash Flow Forecasts

The Finance Director is responsible for preparing monthly cash flow forecasts to the end of the current financial year to ensure that the Trust has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds, as per the Trust's Investment Policy. Similarly, plans should be made to transfer funds from another bank account or to re-profile the General Annual Grant (GAG) to cover potential cash shortages.

9. Reinvestment of Reserves

- 9.1 The Trust will look at reinvesting school surpluses back into individual schools. A school's reserves position will be calculated at the end of each financial year and a decision the level of reinvestment will be taken by the Finance Committee. This will be decided in conjunction with the Trust's Asset Strategy.
- 9.2 Where reserves have been earmarked for a project, the school should make every effort to ensure the project can be completed for the money allocated. Where there is a projected shortfall, the school must notify the Finance Director as soon as possible.
- 9.3 Should a more pressing project require funding, the school is permitted to move allocated reserves from a previously earmarked project up the value of £15k. This must be approved by both the Finance Director and CEO.
- 9.4 Urgent projects that require a reallocation of reserves over £15k must have the approval of the Finance Committee. Ideally this must be sought via a Finance committee meeting however electronic approval can be used in urgent circumstances.

10. Fixed Assets

- 10.1 All fixed asset additions, as defined in paragraph 9.3, must be approved by the CEO and Finance Director.
- 10.2 All expenditure on IT equipment, IT infrastructure and related IT developments must be approved by the Finance Director, who will liaise with the CEO to ensure that investment is consistent with the Trust's overall IT strategy.

Asset Register

- 10.3 All physical items purchased with a value over the Trust's capitalisation limit of £1,000 must be capitalised. Assets below the value of £1,000 will be charged to the income and expenditure account

in the year of purchase as per Appendix 1.

10.4 All assets with a value of over £1,000 will be recorded in the Trust's Fixed Asset Register and must be updated termly. This is maintained at Trust level.

10.5 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 utilization of assets and to plan for their replacement;
- Help the external auditors to draw conclusions on the annual accounts and the Trust's financial system;
- Supports the annual depreciation calculations posted to the income and expenditure account;
- Support insurance claims in the event of fire, theft, vandalism or other disasters;
- Identify assets that have been written off or disposed.

Security of Assets

10.6 Stores and equipment must be secured by means of physical and other security devices. Only authorized personnel may access the stores;

10.7 All the items in the asset register should be permanently marked as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and reported to the Finance Director. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it should be noted.

Loan of Assets

10.8 Items of Trust property, except staff and students laptops or tablets, must not be removed from the premises without the authority of the Head of School/Headteacher.

10.9 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 tax purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

Disposals

10.10 Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the Finance Regulations in Appendix 1 and, where significant, should be sold following a competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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

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

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

Leases

10.14 The Trust is able to enter into operational leases as outlined in the Academies Financial Handbook.

10.15 Finance leases are classed as borrowings and can only be entered into with specific authority from the EFSA.

10.16 All leases must be approved by the Finance Director.

11. Depreciation Policy

11.1 The Trust will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines.

11.2 Depreciation rules will be approved by the Board in advance of preparing the annual statements.

Depreciation will be calculated on the follow basis:

- Land – No Depreciation
- Buildings – 25 Years Straight Line from June 2012.
- Computers – 3 Years Straight Line
- Fixtures & Fittings – 3 Years Straight Line

Depreciation charges will be posted at the end of each year at Trust level.

12. Companies Policy

12.1 The Trust will not form any companies, subsidiaries or joint ventures without the approval of the Board.

13. Reserves & Investments Policy

13.1 The Trust will build and maintain a revenue reserve to provide flexibility and certainty in forward planning. The Trust has a separate reserves policy which is shown in Appendix 3.

14. Charging and Remission Policy

14.1 The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of their ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.

The separate Charging and Remissions Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

Academies may charge for some optional activities which take place wholly or mainly outside academy hours. The Trust may invite voluntary contributions from these Parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Head of School.

15. Staff Expenses

15.1 Trust staff may claim for reasonable expenses incurred to perform their duties or repay them for items bought on behalf of the Trust. Reasonable expenses include:

- Travel by public transport (excluding commuting);
- Use of own car and parking (excluding commuting);
- Unavoidable overnight accommodation;
- Reimbursement for approved items bought on behalf of the Trust.

Rates and allowances are laid out in a schedule of allowed expenses which will be reviewed annually and are available from the MAT Finance Office.

15.2 Staff must submit an expenses claim form and seek approval as laid out in the Financial Procedures Manual in Appendix 1 before being sent to the Business Manager to be paid. All claims must be accompanied by receipts. Claims must be submitted within 90 days of the expenditure.

15.3 The Finance Director will monitor claims to ensure compliance with this policy.

16. Directors' Expenses

16.1 Directors and Members of the Trust may claim for reasonable expenses incurred by him or her when acting on behalf of the Trust, in line with the Trust policy on Governors' Allowances. This policy describes what expenses are allowed, the process for making claims and the current rates.

Reasonable expenses will include:

- Attendance at meetings of the Trust Board or Local Governing Body;
- Meetings with authorities, regulators, auditors etc;
- Meetings with members of staff or prospective staff connected with their official duties;
- Other official meetings.

It is expected that Directors and Members will wish to minimize the level of expenses claimed so that maximum resources can be applied to the core purposes of the Trust.

Directors and Members may not claim for:

- Time spent working as a Director or Member;
- Loss of earnings;
- Food or refreshments;
- Expenses in connection with foreign travel other than as allowed;

The level of expenses that can be claimed will be no higher than that used for TPST staff and the academies.

Further guidance is provided in the Governors Expenses Policy. Directors expenses will be disclosed within the annual financial statements.

17. Tax

17.1 The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Finance Director to ensure compliance with VAT regulations through the quarterly submission of a VAT126 return.

17.2 The Finance Director will ensure that the annual Corporation Tax returns are completed on time and in accordance with legislation.

17.3 Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

18. Insurance

18.1 The Trust will review all risk annually to ensure the cover available and the sums insured are adequate.

18.2 The Trust will notify the insurers of any new risks or any other alterations affecting the existing

insurance.

18.3 The Trust will not give any indemnity to a third party.

18.4 The Trust will immediately advise insurers of any accident, loss of other incident which may give rise to an insurance claim.

19. Bad Debts

19.1 The procedure for debt recovery and for the write-off of any debts which is deemed to be irrecoverable will follow this guidance.

19.2 Whenever possible, income due will be collected before or at any time the relevant sale or service is provided. If this is not possible, an invoice will be issued.

19.3 Income from lettings will be collected in accordance with the Trust's Letting policy.

19.4 All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals

- 3 weeks from settlement due date – 1st reminder;
- 6 weeks from settlement due date – final reminder.

The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days. After 10 weeks from the settlement due date, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.

19.5 If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with Appendix 1 and in accordance with the guidance provided in the Academies Financial Handbook.

19.6 To ensure sound internal control, staff who raise invoices will not have the authority to write off debts. The VAT element of any debt must not be written off as this contravenes HM Revenue & Customs statutory requirements.

19.7 The Trust will retain a Bad Debt Write-Off summary.

20. Gifts & Hospitality

20.1 Material gifts or hospitality offered by an individual or company that does or could provide services to the School should be refused where they are offered as an inducement to secure favour. The School maintains a register of all gifts and hospitality received by individual members of staff and Governors. Any hospitality or gifts accepted with a value exceeding £25 must be recorded in the register

21. Whistle Blowing Policy

21.1 The Trust is committed to open and honest communications, and the highest possible standards of integrity. Employees and Governors are therefore encouraged to "speak up" on any matter with which they are uncomfortable. The full policy is available on request. All new staff are made aware of the policy as part of this induction process.

22. Monitoring Outcomes & Review

22.1 Outcomes will be monitored and reviewed by regular internal checks and scrutiny by senior management including an annual review with Business Managers and the Finance Director.

22.2 Effectiveness of this policy and any associated procedures will also be monitored by the Finance & Audit Committee, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results will be presented by regular written reports to the Finance & Audit Committee. Findings and recommendations will be used to revise this policy and associated procedures. This will be undertaken by referring any recommendations for changes to the Finance & Audit Committee.

22.3 Key indicators of the success of this policy are:

- No inappropriate use of money
- Adherence to budgets;
- Value for Money being demonstrated;
- Expenditure targeted on key priority areas;
- Timely reports to Board, DfE and others;
- Up-to-date, accurate records.

Appendix 1 – Summary of Financial Authorisation Levels

Delegated Duty	Value	Delegated Authority
1. Ordering Goods & Services (Tendering procedures as per Appendix 2)	Up to £1,000	Budget Holder, reviewed by Business Manager
	£1,001 - £5,000	As above plus Business Manager
	£5,001 - £15,000	As above plus Head of School / Finance Director
	£15,001 - £30,000	As above plus CEO
	£30,001 - £50,000	Finance & Audit Committee
	Over £50,000	Board of Directors
2. Signatories for cheques and payment authorisations for individual academies School Fund account	Any	Two Signatures from: <ul style="list-style-type: none"> - Head of School/Headteacher - Deputy Head of School - Business Manager - Assistant Head of School
3. Signatories for cheques and BACS payments for academies main school account.	Any	Two Signatories from: <ul style="list-style-type: none"> - CEO - Finance Director -
4. Payroll BACS (Through 3 rd party)	Any	Business Manager, reviewed by Finance Director
5. Signatories for DfE grant claims and DfE returns for individual academies	Any	Two Signatories from: <ul style="list-style-type: none"> - Head of School/Headteacher - CEO - Finance Director
6. Signatories for DfE grant claims for the MAT	Any	Two signatories from: <ul style="list-style-type: none"> - CEO - Finance Director - Trustee
7. Virements of budget provision between budget lines	Up to £15,000	Head of School, with approval from the Finance Director & CEO
	Over £15,000	Finance & Audit Committee
8. Virement of funding between academies	Any	Board of Directors
9. Disposal of Assets	Up to £1,000	Business Manager or Head of School/Headteacher
	£1,001 to £5,000	Finance Director or CEO
	Over £5,000	As above plus Finance & Audit Committee. DfE approval required as appropriate for disposal of assets funded with DfE grants, or transferred from an LA at nominal consideration.
10. Write-off of Bad Debts	Up to £1,000	Business Manager or Finance Director.
	Over £1,000	CEO with referral to the Finance & Audit Committee.
11. Purchase or sale of any freehold property	Any	Board of Directors and DfE approval required.
12. Granting or take up of any leasehold or tenancy agreement exceeding three years	Any	Board of Directors and DfE approval required.
13. Raising Invoices to collect income	Any	Business Manager, notifying the Finance Director
14. Expense Claims	Against Budget Holders delegated budget	Budget Holder
	As above but Budget Holder is claiming	Business Manager
	SLT Business Manager Finance Director	Head of School/Headteacher Head of School CEO/CEO

	Head of School CEO Board Member Chair of Board	Chair of Board Chair of Board Two from: CEO / FD/ Clerk / Chair of Finance
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Appendix 2 – Competitive Tendering Process

Purchasing

The Trust wants to achieve the best value for money from all its purchases. This means we want to get what is needed in the correct quality, quantity and time at the best price possible. A large proportion of or purchases will be paid for with public funds and therefore we 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 academy;
- Accountability – the academy is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness – that all those dealt with by the academy are dealt with on a fair and equitable basis;
- Value for Money – the Trust shall aim for:
 - Economy, minimizing the cost having a regard for the appropriate quality;
 - Efficiency, an appropriate relationship between outputs and costs;
 - Effectiveness, the achievement of the intended outputs.

Routine Purchasing

Routine purchases up to £1,000 can be requested and are authorised as per the scheme of delegation. A quote or price must always be obtained before any order is placed. The Finance Office have a list of authorised suppliers, however, if the purchaser considers that better value for money can be obtained by ordering from a supplier not regularly used by the Trust then this must be discussed with the Finance Director. A New Supplier form must also be completed.

All orders must be made, or exceptionally confirmed, in writing using an official order form, via the Trust's PS Financials system. Orders will be approved by the nominated person according to Appendix 1 of the Trust's Financial Procedures Manual.

Please see Appendix 2.1 for a summary of financial authorization levels and the procedures to be followed for ordering goods up to the value of £100,000.

Forms of Tenders

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

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

- There is a need to maintain a balance between the contract value and administrative costs;
 - A large number of suppliers would come forward or because the nature of the good are such that only specific suppliers can be expected to supply the Trust's requirements;
 - The cost 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 of Tender

Full consideration should be given to:

- Object of project;
- Overall requirements;
- Technical skills required;
- After sales service requirements;
- Form of contract.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used then an invitation to tender may be issued in response to an initial enquiry. There must be a minimum of 3 individual tenders.

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;
- Explanation of how the tenders will be evaluated;
- Terms and conditions of the tender; and
- 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 the 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.

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. 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 the Finance Office prior to tender opening. Tenders received after the submission deadline should not normally be accepted and must be approved by the CEO.

Tender Opening Procedures

1. All tenders submitted should be opened at the same time and the tender details should be recorded in the presence of at least one member of the Board of Directors and the CEO / Finance Director.
2. A separate record should be established to record:
 - The nature of the goods or materials to be supplied or the works or services to be provided;
 - The name of each supplier or sub contractor quoting/tendering;
 - The date and time of receipt of each quotation/tender;
 - The amount of each quotation/tender;
 - The name of all persons present at the opening of the quotations/tenders.

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 and a report should be prepared for the Finance & Audit Committee highlighting the relevant issues and recommending a decision.

When required by the conditions attached to specific grant from the DfE, the department’s approval must be obtained before the acceptance of the tender.

The accepted tender should be one that scores most highly when assessed against the evaluation criteria. All parties should then be informed of the decision.

Appendix 2.1 – Summary of Financial Authorisation Levels for Tendering / Quotations

Value	Delegated Authority	Method
Up to £1,000	Budget Holder	3 Verbal Quotations
£1,001 - £5,000	Business Manager	3 Written Quotations
£5,001 - £15,000	Head of School / Finance Director	3 Written Quotations
£15,001 - £30,000	CEO	3 Written Quotations
£30,001 - £50,000	Finance & Audit Committee	3 Written Quotations
Over £50,001	Board of Directors	Formal Tendering Process

Appendix 3 – Reserves Policy

Introduction

Where reserves are held, it is a requirement of the charity accounting regulations that charity Trustees must state their reserves policy in their annual report. Further details may be found in Accounting and Reporting by Charities: Statement of Recommended Practice 2015; commonly referred to as the Charity SORP. The 3-18 Education Trust (TPST), as an exempt charity, must comply with these regulations.

Guidance on reserve policies and their reporting requirements is contained in the Education and Skills Funding Agency's (ESFA) annual Academies Accounts Direction.

Purpose

The purpose of the reserves policy for TPST is to ensure the stability of the school's operations, to protect it so that it has the ability to adjust quickly to financial circumstances, such as significant unplanned expenditure, cyclical maintenance and working capital requirements.

Whilst it is not mandatory to hold reserves, it is generally considered good business practice to do so. The 3-18 Education Trust, through the schools under the MAT umbrella, holds reserves in order to provide sufficient working capital to cover delays between spending and receipt of grant income, to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness. The purpose is therefore is to make reasonable provision against unforeseen costs and to build up funding for planned future capital projects. Balanced against this need is to recognise that we should use today's funding on today's children.

Definition and Goals

Fund Accounting

Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the direction of the Trustees.

Designated funds are part of the unrestricted funds that have been set aside to be used for a particular future project or commitment. Although earmarked, a designated fund remains part of the unrestricted funds of the charity. This is because the designation does not legally restrict the Trustees discretion in how to apply the unrestricted funds they have earmarked.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the ESFA.

Free Reserves

The minimum target for these reserves at each school within the Trust should be equal to 1% of its total annual income. New schools joining the Trust will be required to build up to this minimum level within 24 months of joining the Trust.

If this pool of reserves is urgently required for investment, the School will budget to build these reserves back to the required level within 12 months.

The Trustees have agreed that this level of free reserves is sufficient to provide working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as unplanned/urgent maintenance.

The Trustees will review the reserve levels annually. The review will encompass the nature of the income and

expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees also appreciate the importance of spending current funding on existing students, ensuring they receive the best possible education.

All reserves are reported and reviewed regularly at management meetings and expenditure from reserves approved by Trustees.

USE OF RESERVES

1. Identification of Appropriate Use of Reserve Funds

The Trustees and Senior Leadership Team at each school will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

2. Authorisation of Use of Reserves

Authorisation to use reserves of any kind will be made by the Trustees at the Finance & Audit Committee, at the next available meeting. Approval should be noted in the minutes.

3. Reporting & Monitoring

The Trustees are responsible for ensuring that the funds are maintained and are used only as described in this policy. Upon approval for the use of funds, the school will maintain a record of the use of the funds. The Finance & Audit Committee should regularly monitor the progress of the reserves.

4. Using Reserves in a Deficit Budget

The Education and Skills Funding Agency permit the use of reserves to 'plug' a deficit budget. Only in exceptional circumstances (guaranteed increase in income the following year, for example) will the Finance & Audit Committee allow reserves to be used for this purpose.

5. Banking Arrangements

Each school within the Trust will hold reserves for restricted funds (excluding unused General Annual Grant) in their own bank account. All other reserves (essentially unrestricted funds and unused GAG) will be held in the MAT Head Office account and released to Schools, as appropriate, following approval from Trustees.

Ownership of Funds

Where unrestricted funds have been generated by a particular school, the Board of Directors will endeavour to re-invest those reserves back into that particular school at all times. However, it is noted that the reserves are the property of The 3-18 Education Trust and the Board of Directors are ultimately responsible for where these funds are spent.

REVIEW OF POLICY

This policy will be reviewed by the Finance & Audit Committee every year or sooner if warranted by internal or external event/changes. Changes to the policy will be recommended by the Finance & Audit Committee to the Board of Directors.

Appendix 4 – Employees with Assigned Charge Cards

Academy	Post Holder	Card Limit
Priory School	Headteacher	£500
	PA to Headteacher	£500
	Business Manager	£5,000
	Head of Resistant Materials	£500
	Finance Assistant – School Fund	£500
	Head of Food Technology	£1,000
	Science Technician	£500
	Site Manager	£3,000
	Head of PE	£500
Teaching School		
	Teaching School Co-ordinator	£1,000
MAT Central Office	Finance Director	£2,000
	ICT Network Manager	£2,000
	CEO	£1,000
St Martins School	Head of School	£500
	Business Manager	£2,500
	Head of Food Tech	£500
Coleham Primary School	Head of School	£500
	Business Manager	£1,500
Thomas Adams School	Headteacher (Main)	£1,000
	Headteacher (School Fund)	£1,000
	Business Manager (Main)	£3,500
	Business Manager (School Fund)	£1,500
	Head of Boarding	£4,000
	Head of Technology	£500
	Science Technician	£500
William Brookes School	Headteacher	£1,000
	Finance Officer	£5,000
	Site Manager	£500
	Science Technician	£500
	Food Technician	£500
	Performing Arts	£500
	Head of Art	£500

Overall Limits

School	Business Limit
Coleham Primary School	£2,000
Priory School	£12,000
Teaching School	£1,000
MAT Office	£5,000
St Martins School	£3,500
Thomas Adams School	£12,000
William Brookes School	£8,500
Total	£44,000

The Finance Director is permitted to adjust individual limits providing the business limit is not exceeded.