

Finance Manual



Committee:	Governing Board
Approved on:	18 th June 2025
Next review date:	17 th June 2026

Introduction	6
Financial Planning	6
The budget cycle	6
Budget	6
Other Government Funding	7
Other Grants and specific funding	7
Funds held in trust	7
Virements	8
Revised Budget	8
Budget Forecast Return	8
Monitoring and review (including management accounts)	8
Independent checking procedures	9
Review of regularity	9
Annual accounts	9
Value for money statement	10
Audit arrangements	10
Work undertaken during accounting period	10
Work undertaken for the year end	11
Accounts Return	11
Document retention.....	11
Accounting system	11
System Access	12
Back-up Procedures	12
Transaction processing	13

Transaction reports	13
Reconciliations	13
Cash Management	13
Bank Accounts	13
Deposits	14
Payments and withdrawals	14
Administration	14
Petty Cash.....	14
Payments	15
Administration	15
E-procurement and Payments	15
BACS Payments	16
Investments	16
Reserves	16
Capital Reserves	16
Endowments	17
Payroll	17
Staff Appointments	17
Payroll Administration	17
Payments	18
Salary advances	18
Severance payments	18
Ex-gratia payments	18
Income	19
DfE grants	19

Other grants	19
Trips	19
Catering	19
Lettings	20
Sundry income	20
Gift aid	20
Bad debts	20
Purchasing	21
Routine Purchasing	21
E-procurement	21
Orders	21
Summary of purchasing delegation of authority	23
Orders and annual contracts up to £4,000	23
Orders and annual contracts between £4,001 and £6,000	23
Orders and annual contracts between £6,001 and £10,000	23
Orders and annual contracts between £10,001 and £25,000	23
Orders and annual contracts between £25,001 and £70,777	23
Orders over £70,778	24
Trading with related parties	24
Trading with connected parties	24
Goods and services for private use	25
Forms of Tenders	25
Preparation for Tender	25
Invitation to Tender	26

Tender Acceptance Procedures	26
Tender Opening Procedures	26
Tendering Procedures	26
Insurance	26
Governors/Trustees Expenses	27
Gifts	27
Energy Management	28
Fraud	28
Whistleblowing	28
Leasing	28
VAT	29
VAT 126 form	29
VAT 100 form	29
Capital Projects - Management	30
Fixed assets	31
Asset register.....	31
Security of assets.....	32
Disposals	32
Loan of Assets	32
Risk Register - Management	33
Appendices	
Appendix 1: Reporting on regularity for the accounting officer	35
Appendix 2: Summary of freedoms and delegations	38
Appendix 3: Banking Transaction Approval Panel	39

Introduction

1. The purpose of this manual is to ensure that the academy maintains and develops systems of financial control, which conform with 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 agreement with the Secretary of State for Education, through the Department for Education (DFE).
2. The academy trust must comply with the principles of financial control outlined in the Academies Financial Handbook. This manual expands on that and provides detailed information on the academy's accounting procedures and system manual should be read by all staff involved with financial systems.
3. This manual serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

Financial Planning

4. The academy trust prepares rolling 3 year budgets, which are occasionally enhanced to 5 years as needed such as in the case of long term building projects or changes to the Trust structure.

The budget cycle

5. The budget cycle is as follows:

Autumn term (Sept – Dec)

- Implementation of current budget plan
- Monitoring expenditure (continuous-monthly)
- Reconciliation and closure of previous financial year

Spring term (Jan – Mar)

- Monitoring and Reviewing of current year's budget
- Revised Budget where appropriate
- Pre-planning new financial year

Summer term (Apr – Aug)

- Planning for forthcoming year
- Preparation and submission of financial budget plan to DfE
- Review of current year's budget

All requirements of the DfE, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

Budget

6. The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, the Finance Committee and the full governing body.

7. 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 utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.
8. The budgetary planning process will incorporate the following elements:
 - forecasts of the likely number of pupils in order to estimate the amount of General Annual Grant
 - latest estimate of other DfE funding e.g. pupil premium or other specific funds
 - review of other income sources available to the academy to assess likely level of receipts including but not limited to Lettings, Academy arranged transport and Catering
 - review of past performance against budgets to promote an understanding of the true academy costs
 - identification of potential efficiency savings
 - review of salaries – including planning for individual pay scale progression, future pay awards, additional pension contributions and impact of overtime rates for caretaking staff for lettings
 - review of the other main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
 - all carry forward balances
 - any unspent grants from the previous financial year
9. Creation of monthly management accounts – The format of monthly management accounts must include an income and expenditure account, variation to budget report, cash movements, balance sheet, Aged Creditors and Aged Debtors. These must be shared with the Headteacher and the chair of the Trust every month, and the rest of the trustees 6 times per year whether they meet or not.
10. Regular (monthly) 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. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan.
11. If there is a significant (over 10%) departure from the anticipated budget this will be escalated to the Headteacher in the first instance and noted as part of the monthly management accounts.
12. The approved budget is then entered onto the finance system at the start of the new financial year.

Other Government Funding

13. In addition to GAG funding from DfE the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding etc. This funding may be from the Department of Education or the Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.
14. The Finance Manager is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Other Grants and specific funding

15. In addition to the GAG funding from the DfE other government funding, the academy may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the Board Trustees. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.
16. The Finance Manager is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Funds held in Trust

17. Where funds are held in trust the Finance Manager is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

Virements

18. The Business Manager is given delegated power to vire from one budget to another and shall seek approval from the Finance Committee retrospectively where the amount exceeds £5,000.
19. Substantial virements shall be approved and minuted by the Finance Committee and should be within the agreed criteria and financial limits.
20. Budgets within restricted funds cannot be vired to non-restricted (general expenditure).

Revised Budget

21. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Accounting Officer, the Business Manager and the Chair of the Trustees. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Finance Committee and or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Board of Governors. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

Budget Forecast Return

22. The approved budget must be submitted to DfE by August each year by the Business Manager. The Business Manager is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

Monitoring and review (including management accounts)

23. Monthly reports are prepared by the Business Manager with support of the Finance Manager. The reports include:
 - actual income and expenditure against budget (shown as month to date and cumulatively)

- balance sheet
- cash movement report from GAG Bank account
- aged creditor report
- aged debtor report
- trial balance
- A brief summary explaining variances of at least 5% or £10,000 (whichever is smaller) should be provided for clarity.

24. Any potential overspend against the budget must in the first instance be discussed with the Business Manager. The finance system prevents deliberate overspends at the ordering stage as an added safeguard.
25. The reports are sent to the Accounting Officer, and the chair of the Trust every month, and the rest of the board on a bi-annual basis.

Independent checking procedures

26. The Business Manager, upon direction from the Accounting Officer with guidance from the Finance Committee, will appoint an independent auditor to perform an internal Audit.
- Note: The Trust have previously determined that an external independent auditor would be preferable to the use of a suitably qualified Trustee, or a peer review by a Chief Finance Officer of another Trust but these remain as viable options as long as the individuals are suitable qualified to do so.
27. The Finance Committee will define the scheme of work to be covered by the audit, which will most likely to be derived from the Management Letter from the previous year's External Audit.
28. Other significant instances or concerns through the current year may also be used as the basis of the Internal Audit.

Review of regularity

The Headteacher in their role as Accounting Officer must ensure the appropriate measures are in place for reviewing regularity. A short extract from the Academies Accounts Direction is given in Appendix 1 which explains the requirement and potential tests.

29. The Headteacher in their role as Accounting Officer reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:
- reviews management accounts
 - reviews compliance against the scheme of delegation
 - reviews transactions for evidence of connected party transactions and value for money practice
30. The Accounting Officer has delegated the following responsibilities to the Business Manager:
- adherence to tendering policies

- review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook - See Appendix 2
- review of trustees/governors' minutes

Annual accounts

- 31 The academy trust must prepare annual audited financial statements for the accounting period to 31 August in accordance with the Academies Account Direction.
32. The accounts are outsourced to our auditors for preparation.
33. The accounts are then submitted as follows:
- by 31 December – to the DfE
 - by 31 January – published on our own website
 - by 31 May – to Companies House

Value for money statement

Value for money must be reviewed annually and examples must be focussed on how educational outcomes have been improved. The accounts direction s4.2.5 (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement in further detail.

35. The Headteacher in their role as accounting officer must demonstrate to parents and the public that the academy trust's use of public assets has supported value for money during the year and, if relevant, to identify opportunities for potential improvement. They must demonstrate not only value for money for the organisation but also for the taxpayer more generally. The academy trust must live within its budget by using its resources properly and with probity whilst showing that value for money is primarily about how it continuously improves both the educational and wider societal outcomes for its pupils with the resources available.
36. The Headteacher in their role as accounting officer will prepare a declaration in the final accounts and should cite several examples of best value achieved in the year.
37. The Business Manager is responsible for collating the examples which are then confirmed by the finance committee.

Audit arrangements

38. External auditors must be appointed in accordance with the Academies Financial Handbook
39. The Business Manager is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

Work undertaken during accounting period

40. The Finance Manager is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:

- reviewing the structure of the trial balance
 - maintaining a fixed asset register
 - monthly depreciation charges
 - maintaining income and expenditure records (including filing of invoices)
 - reviewing aged debtors for any provisions required
 - control account reconciliations (bank, wages, debtors, creditors)
41. In support of yearly processes above, the following actions will be taken by the Finance Manager as part of their Month End procedures:
- Run Aged Creditors report and cross check with Trial Balance
 - Run Aged Debtors report and cross check with Trial Balance
 - Check Cash Book reconciliation with Trial Balance
 - Run automated depreciation process and cross check with Trial Balance
 - Cross check all manual journals with the Trial Balance
42. The Business Manager is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
- maintaining a record of governors/ trustees interests, related and connected party transactions
 - Monitoring and reporting to the Accounting Officer and Board of governors/trustees

Work undertaken for the year end

43. The Finance Manager is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:
- stock take and including of year end stock value
 - prepayments for IT licenses
 - prepayments or accruals for grant income
 - control account reconciliations (bank, wages, debtors, creditors)
 - close down of the purchase ledgers
 - close down of the Sales ledgers and aged debtors
44. The Business Manager, in conjunction with professional advisors, is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:
- pension valuations
 - Pension Audit

Accounts Return

45. The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the DfE by 31 January.
46. The accounts return is prepared in house by the Business Manager.

Document retention

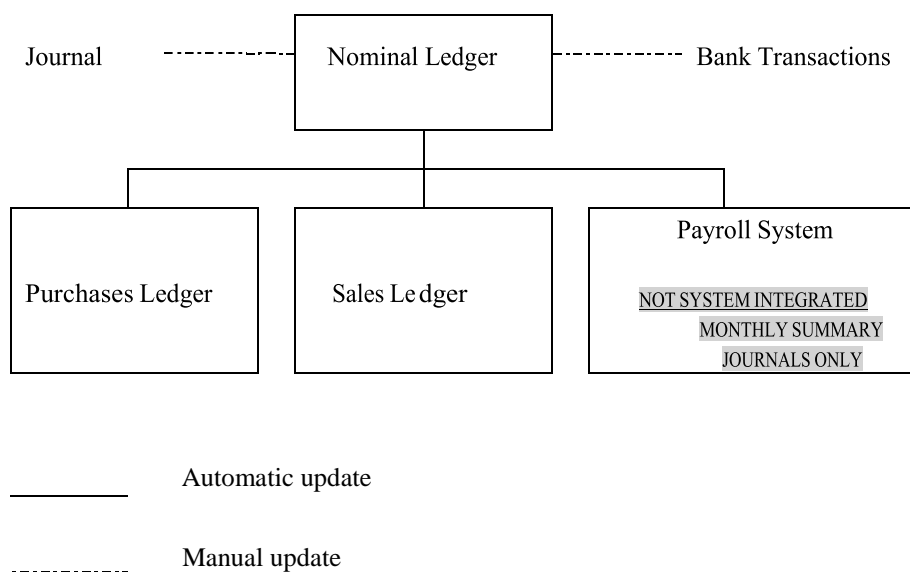
47. Documents are retained for the following amount of time:

- Finance records – current year plus preceding 6 years
- Supply cover insurance – current year plus preceding 6 years
- Payroll and travel records – current year plus preceding 6 years
- Personnel records – 5 years after an employee has left
- All student files until the student reaches the age of 25
- Any SEN Student files until the student reaches the age of 35

*** Due to the ongoing Independent Inquiry into Child Sexual Abuse (IICSA) there are restrictions on destroying pupil or staff records. Staff and student records should not be destroyed. Seek legal advice.

Accounting system

48. All the financial transactions of the academy trust must be recorded into **Access Finance**, the computerised financial information accounting system. This system is operated by the Finance Department and consists of:



System Access

49. Access to the system is password restricted to the following job roles only:

- Business Manager**
- Finance Manager
- Finance Assistant
- **Office Manager**
- Accounting Officer

** The Business Manager will authorise specific named personnel access to the system. There are no generic user names or passwords.

50. Access to the finance system by the Auditor is usually limited to reports provided by Finance staff in excel or pdf as required.

51. The Business Manager is responsible for implementing a system which ensures that passwords are changed regularly

Back-up Procedures

52. The Business Manager is responsible for ensuring that there are effective back up procedures for the system.

53. IT Services are currently outsourced. Their description of the data backup provision is detailed below:

1. All Servers including major systems such as email and data servers are backed up at a bare metal level every hour. This backup is encrypted at source and then stored on the backup server onsite, this is then replicated off site to our datacentre.
2. Backups are stored in sets. 1 day of hours, 7 days of days, 4 weeks of weekly, and 2 months of monthly. This means that it is possible to restore the servers or individual files anytime up to 2 months ago and as short as 1 hour ago.
3. Major hardware recovery: That is a loss of 2 or more physical servers at once. These would be restarted on a backup server in 24-48 hours. If there is a need to restore to new hardware, this would take 48-72 hours depending on which servers were lost.
4. If major hardware recovery was necessary – there is also the option at this point to start some read only servers in the cloud. This will allow full access to all data as was, but in read only mode. This would be possible in 12-24 hours.
5. If Data corruption or Virus encryption occurs: Assuming the servers are ok and only the data drives are lost, these can be restored to the servers in around 6-12 hours. Depending on the drive we lose. If the whole server is down but the hardware is ok then restore would be possible in around 48hrs.

Transaction processing

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

55. Journal entries for bank reconciliation DfE Income and payroll alignment will be completed by either the Finance Manager or the Business Manager. All journal entries are fully documented on the finance system.

56. Extra ordinary Journals to correct errors or align end of year accounts for the Auditors will be fully documented on the journal form and authorised by the Business Manager, prior to being input to the accounting system.

57. Bank transactions are input by the Finance Manager.

Transaction reports

58. The Finance Manager reviews the following system reports to ensure that only regular transactions are posted to the accounting system:

- the weekly audit trail reports;
- Masterfile amendment reports for the purchase ledger and sales ledger
- management accounts summarising expenditure and income against budget at budget holder level

Reconciliations

59. The Finance Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- sales ledger control account
 - purchase ledger control account
 - payroll control account
 - VAT control account
 - all suspense accounts
 - bank balance per the nominal ledger to the bank statement
60. The Business Manager signs all reconciliations as evidence of review.
61. Any unusual or long outstanding reconciling items are brought to the attention of the Business Manager and dealt with according to the bad debt limits in this manual.

Cash Management

Bank Accounts

62. The following procedures must be followed when opening a bank account and operating it:
- the Trust is responsible for selecting the banking institution and negotiating the terms and conditions
 - the Trust must authorise the opening of all bank accounts
 - the Academy will ensure that in the event of changes to key personnel or governors/trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
 - terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
 - the trust must inform the bank, in writing, that their accounts must not become overdrawn
 - the Finance Manager must ensure there are sufficient funds to cover payments

Deposits

63. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
- the amount of the deposit
 - a reference (for example the number of the receipt or the name of the debtor)
64. The Finance Manager is responsible for updating the accounting system (within 2 working days) for deposits placed.

Payments and withdrawals

65. All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:
- Headteacher

- Business Manager
- Deputy Headteacher
- Chair of the Trust

66. This provision applies to all accounts, public or private, operated by or on behalf of the Trust of the academy including funds held in a trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.
67. The Finance Manager is responsible for updating the accounting system (within 2 working days) for payments being made.

Administration

68. The Finance Manager ensures bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- all bank accounts are reconciled to the academy's cash book on the Finance system
 - reconciliations are prepared by the Finance Department
 - reconciliations are subject to an independent monthly review carried out by the Business Manager or in his/her absence the Headteacher
 - adjustments arising are dealt with promptly

Petty Cash

69. The academy trust maintains a maximum cash balance of £1,000 for the purchase of minor items, which is held in the office safe and is the responsibility of the Finance Manager.
70. A petty cash book must be kept separately from the petty cash, all transactions must be annotated clearly.
71. In order to reduce frequent essential users of petty cash – eg for the purchase of fresh meat/vegetables/plants etc for use in science experiments a small cash advance (Max £25) will be given to the employee. The employee will make just one claim per month which will be refunded by bank transfer. Cash will not be exchanged. When the employee leaves the cash advance will be returned.
72. The petty cash float must not be used for:
- cashing personal cheques
 - paying staff loans

Payments

73. In the interests of security, petty cash payments are limited to £100 although this may be increased in exceptional circumstances, such as during school holidays when there are no finance staff to place an order. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation procedures as purchases from the main bank account.
74. Generally, payments to staff for out of pocket expenses whilst on school business will be refunded via bank transfer at the next bank payment run.

Administration

75. The petty cash float is maintained on the finance system and the float is only reimbursed from the main bank account.
76. The petty cash float is reconciled monthly by the Finance Assistant. The reconciliation is then reviewed by the Finance Manager and initialled as evidence of review.
77. The Business Manager may carry out a spot check of the petty cash float once a term.

E-procurement and Payments

78. The school credit card (Clydesdale and Yorkshire Bank) is used only when it is not practical to use the purchase order/BACS system. It is used mostly for internet purchases and to buy refreshments for meetings etc.
79. The card is kept in the safe and is only used by:
 - Finance Assistant
 - Finance Manager
 - Business Manager
 - Headteacher
80. Any department wishing to make a purchase using the credit card must create a purchase order on the web portal to the Access Finance System and have it approved by the Budget Holder in the normal manner.
81. Occasionally the credit card is used to purchase small items or to fund Petty Cash, where it is not possible to order this elsewhere. This must be recorded and countersigned by the Finance Manager.
82. In exceptional circumstances an out of hours or urgent payment must be made. In these circumstances an email authorising its use without budget holder approval or use of the finance system must be sent to the Finance Manager by either the Business Manager or the Headteacher. The transaction must then be added to the finance system retrospectively and approved in the normal manner. This must be completed by the end of the next working day. The Finance Manager will attach the approval email to the order on the system.
83. When the credit card bill arrives, there will be a signed order form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A cash book journal is keyed for each entry on the statement.
84. The credit card bill, along with all the relevant order forms are then given to the Business Manager who will check the statement. The Business Manager will then check a sample of the transactions (minimum of 3 or 20% whichever is the maximum), and sign the authorisation sheet. These are then filed away together in the credit card folder, until the end of the financial year, when they will then be transferred to the finance storage box for that year.

BACS Payments

- On receipt of an invoice, the Finance Assistant updates the Accounting System accordingly, the order status is automatically updated on the budget holder account on the Finance System Portal. The budget holder is required to acknowledge full receipt of the goods having first:

- checked the delivery note and
- verified the delivery is of correct quantity, quality and price

85. Supplier payments will be made several times per month, the payments are consolidated and created on the Finance System and a payment report is generated. The proposed payment run is presented to the Headteacher or other SLT member who does not have access to Finance system, for verification signature and approval

86. Each time a BACS Payment is created the Finance Manager will provide a report showing any new additions, deletions or changes to the BACS Payments system, since the last BACS payment was run. In addition, the Finance Manager will provide proof of Bank Details for three pseudo randomly selected suppliers on the current payment run. The three suppliers will be those whose name begins with one of the three first letters of the month. EG: Payments for January - Jangro, Apple, NEC- if no supplier match move to subsequent letters in the month. All details to be presented to the Business Manager for verification and approval.
87. All new suppliers must have been contacted by telephone number on their website, to confirm legitimacy. This is also the case for a change of bank details for any current supplier. All details to be presented to the Business Manager for verification and approval.
88. The Finance Manager then prepares the BACS payment on the banking system which automatically requires two of the cheque signatories to approve the payment on the Bank portal.
89. Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.
90. The Finance Manager ensures that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Admin Team should request that the individual states his self-employment reference number on any invoice issued to the school.

Investments

91. Investments must not be made without specific reference to and approval from the Trust.
92. Rugby High School does not currently have an investment policy which will need to be devised before seeking authorisation to proceed with an investment.

Reserves

93. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
94. The Headteacher as Accounting Officer must inform DfE immediately if a deficit is anticipated.
95. If the academy trust is anticipating a deficit at the end of any financial year, the Trust and the Headteacher as Accounting Officer have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Trust must ensure that a recovery plan is submitted and approved by the DfE.
96. The academy trust undertakes to ensure that a contingency reserve of £80,000 2% of the previous year's total GAG is kept. The trust should aim for total reserves of between £500 to £1000 per pupil on roll – between £460,000 to £920,000.

Capital Reserves

97. Any overall surpluses at the end of the year are carried over to the following year.
98. It is the responsibility of the Finance Manager to keep accurate records of the capital funds, especially where grants have been received for capital projects.

Endowments

99. The Finance Manager is responsible for accounting for the transactions within the endowment fund.
100. Any transactions are in line with the memorandum and articles.

Payroll

Staff Appointments

101. The governing body has approved a personnel establishment for the academy trust. Changes can only be made to this establishment with the express approval in the first instance of both the Personnel Committee and the Finance Committee who must ensure that adequate budgetary provision exists for any establishment changes.
102. The Headteacher has authority to appoint staff within the authorised establishment except for members of the Senior Leadership Team whose appointments must follow consultation with the Trustees. The Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Business Manager immediately.
103. The Office Manager is responsible for obtaining all the relevant pre-employment checks including but not limited to DBS checks and ensuring these are retained on file, and are ultimately included on the Single Central Record.
104. The Office Manager must add all permanent, temporary and casual employment contracts on to the Academy Management Information System – currently Arbor. All staff leavers must have their contracts ended in Arbor in order to remove them from the establishment list.
105. The Business Manager must run the Single Central Record Reports on Arbor and extract the data to the Single Central Record Excel spreadsheet. This must be done once per month or when changes are made to the establishment such as new contracts or leavers.

Payroll Administration

106. Payroll is administered through the academy trust's payroll provider.
107. All staff are paid monthly through the payroll provider. A payroll personnel file is created for each employee which records:
 - salary

- bank account details
 - taxation status
 - personal details
 - any deductions or allowances payable
 - other legal and relevant details
108. Support Staff line managers for Cleaning, Catering, Caretaking, Cover Supervisors and Exam Invigilators must complete a monthly staff return which provides details for all of their staff in their section of sickness and other absences during the month plus any additional hours/overtime claims. The staff return must be authorised by the Line Manager. The returns are then passed to the Office Manager for payroll processing.
 109. Any other staff members – from Support Staff or Teaching Staff – who need to claim for additional hours or overtime must complete the appropriate claim form and pass it to their line manager for approval. The forms must then be sent to the Office Manager for payroll processing.
 110. All claims and monthly returns must be passed to the Office Manager by the 6th day of the month, who will process the forms onto the payroll system. If the Office Manager has completed a timesheet, this will be processed by the Business Manager.
 111. The payroll providers system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.
 112. The Payroll Provider will generate the payroll and a number of analysis reports.
 113. The initial variance analysis report will be checked by the Business Manager to ensure proposed payments are in line with the known changes & payments as inputted into payroll system and once all variances are clarified & actioned, the report will be passed to the Headteacher ready to assist with the verification and approval of the BACS proposal.

Payments

114. The Payroll Provider will create the final payroll and generate the BACS transactions for payment to staff, to HMRC and to the pension providers. The Final payroll Summary Reports and BACS authorisation will be verified and approved by the Headteacher.
115. The Payroll Provider will independently complete the monthly pension returns to the Teachers Pension (TPS) and the Local Government Pension (LGPS).
116. The Business Manager will apply journals to the Finance System to reflect the monthly payroll including the departmental breakdown and will then ensure the payroll control accounts are reconciled with the Finance Manager.
117. The Finance Manager will reconcile the bank payments to the journals for HMRC (Tax and NI), TPS, LGPS and staff pay.
118. In the unlikely event that the school/or the payroll provider miscalculates or omits a payment to an employee a net salary will be paid to the employee as soon as possible via the Payroll provider. The Business Manager will authorise the CHAPS charge if the fault lies with a school error.

Salary advances

119. The trust does not award salary advances.

Severance payments

122. The academy trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment, using the form provided by DfE on Gov.uk.

123. Where the non-contractual element is on or over £50,000 prior approval from DfE must be sought.

124. The Accounting Officer must sign off and review each business case.

125. The Accounting Officer is advised to take professional HR and legal advice before proceeding with a severance payment.

Ex-gratia payments

126. Any ex-gratia payments must be submitted to DfE for prior approval.

Income

The Academies Accounts direction (https://www.gov.uk/guidance/academies-accounts-direction) explains revenue recognition in respect of DfE and other grants.

DfE grants

127. The main sources of income for the academy are the grants from the DfE. The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the academy are collected.

Other grants

128. The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the academy are collected.

Trips

129. A lead member of staff must be appointed for each trip to take responsibility for the determination of the cost of the trip to each student. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Assistant

130. The Finance Assistant will “create” the trip on Arbor. Parents must make all payments through Arbor – cash and cheques will not be accepted. Arbor tracks all payments at individual level allowing both parents and the Academy to track previous payments and current balance.

131. The Finance Assistant will monitor payment receipts and advise the lead teacher on a regular basis and the lead teacher is responsible for chasing the outstanding amounts.
132. Lead teachers should carefully calculate the cost of the Trip and must use the Trip Calculator provided by the Business Manager. The trip should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Allowable contingencies are calculated within the Trip Calculator.
133. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Business Manager in advance of the booking being made.
134. Any surplus greater than £10 per pupil is redistributed to parents.

Catering

135. The Trust provides a comprehensive catering provision available to all students and staff offering hot and cold food pre-school, morning break and lunch time. The service can also provide adhoc catering for meetings, senior level interviews, Trustees meetings and special events. The service is a pseudo profit centre, in that it must make a profit on the sale of goods although this is not measured against the cost of staffing the service.
136. The catering provision is completely cashless, there is no opportunity for students or staff to purchase meals or top-up their cashless account in school using cash. Parents and Staff have access to Arbor which is a system by which they can pay for lunches in advance by topping up their balance using online banking technology. The system also allows parents to view the food “purchased” by their child during the day.
137. Students and staff will pay for their meals using the biometric finger print system which links directly to their Arbor account in real time.
138. The Arbor system credits the Trust Bank account on a weekly basis. The Finance Manager aligns this to the income nominal code for catering.
139. The Finance Assistant or the Finance Manager will support parental requests for information and help with their Arbor account.
140. Students who are entitled to Free School Meals will have their Arbor account topped up with a cash amount every day using the Government free school meal school funding. This allows them to purchase food in the same way as all other students. Their parents can add additional funds to their account in the same way as others.

Lettings

141. The Business Manager oversees all lettings of the premises and proposes a schedule of lettings charge rates which must be approved by the Trustees. The rates should cover the reasonable costs associated with managing a letting – Caretaking costs, cleaning costs, heating and lighting costs and a small profit.
142. The Finance Assistant is responsible for maintaining a calendar of external bookings of classrooms, performance areas, internal sports facilities and external sports facilities. The Finance Assistant will seek authority from the Business Manager and the Premises Manager for all new lettings.
143. The Finance Assistant will seek copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) before a letting can commence. These documents should be reviewed annually.

144. Details of organisations using the Academy facilities will be held on the Finance System.
145. The Finance Assistant will add all lettings transactions on to the sales ledger of the Finance System, and will issue Sales Invoices and regular Statements to all lettings customers.
146. The Finance Assistant or the Finance Manager will bring any persistent non payment of invoices by a customer to the attention of the Business Manager.

Sundry income

147. Income from other sources (for example educational consultancy provided by the Trust's staff) is priced in consultation with the Business Manager and the Headteacher in their role as Accounting Officer. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay in accordance. The Business Manager approves all credit agreements.

Gift aid

An academy trust is able to claim gift aid (https://www.gov.uk/claim-gift-aid/overview) on donations from individuals.

148. To ensure the academy trust, in its position as an exempt charity, receives all the monies it is entitled to, the Finance Manager:
 - reconciles income against records to confirm expected amounts have been received by the donor
 - ensures the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

Bad debts

149. All Write offs must be in line with the delegated authorities "Write-offs and entering into liabilities" as set out in the Academies Financial Hand Book. DfE consent required if exceeds 1% of annual income or £45,000 individually; or 2.5% or 5% of annual income cumulatively.
150. The academy trust chases all monies due, and those that have not been paid within 30 days of an invoice being issues, by telephone or letter.
151. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Business Manager submits a report to Headteacher in their role as Accounting Officer for approval of write off.
152. The following write off limits apply:
 - Up to £150 – Accounting officer
 - £151 to £500 – Finance and resources committee
 - Over £500 – Full governing body and refer to debt collecting agency

Purchasing

153. The academy trust must achieve value for money on all purchases. A large proportion of our purchases are paid for with public funds and 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

Routine Purchasing

154. 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 and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be available to each budget holder via the web access to the finance system. Budget holders will be able to monitor data relating to their own budget areas also via web access to the finance system.

155. All orders must be ordered by the Finance Assistant or the Finance Manager. In exceptional circumstances the Business Manager can raise a purchase order if required to do so during the school breaks or weekends or for emergency/urgent reasons.

156. When seeking an item to purchase staff are urged to use suppliers already approved and on the Finance System. Guidance can be provided by the Finance Assistant if needed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with Finance Manager.

157. Budget holders must not purchase Alcoholic Drinks for consumption on school premises, or for gifts or rewards for colleagues or other third parties. The Finance Assistant and/or the Finance Manager must reject any such requests for purchase immediately and must inform the Business Manager that such an attempt to purchase such products has been made. The Business Manager will write to the budget holder to re-confirm the no alcoholic drink policy. Alcohol may be purchased for use in religious services on site, the budget holder must seek written Authority from the Headteacher in their role as Accounting Officer prior to raising a purchase request.

E-procurement

159. Any budget holder wishing to make a purchase via credit card for reasons of speed or supplier availability must raise an order on the finance system in the normal manner, having first ensured the supplier is on the system. The Finance Manager will decide if using the credit card is the most suitable method to procure the goods.

160. Occasionally the credit card is used to purchase small items or to fund Petty Cash, where it is not possible to order this elsewhere. This must be recorded and countersigned by the Finance Manager.

Orders

161. All orders must be made using the web access to the finance system.

162. Budget Holders can allow their staff to select items for purchase on their behalf and create orders on the web access to the finance system, however budget holders cannot delegate the authorisation of the orders. Budget Holders must

use the web access to the finance to approve/authorise the order. Budget Holders will check to ensure adequate budgetary provision exists before placing the order.

163. If a Budget Holder has insufficient available funds for the proposed purchase, they must request additional funds from the Business Manager. If the Budget Holder then submits the order to Finance in order to raise the order with the supplier, the order is automatically re-directed to the Business Manager for approval.
164. Approved orders will be recorded, by the Finance Assistant or the Finance Manager in the purchase order module of the finance system which allocates a reference number and commits expenditure.
165. Orders will be dispatched to the supplier from the Finance Department – the preferred method will be via email.
166. The delivery address of all orders will be the principal address of Rugby High School. In an exceptional circumstance delivery is required to a third party address the Business Manager must give explicit written approval.
167. On receipt of the goods the Budget Holder (or their delegate) must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. All goods must be checked within 2 working days of receipt. Discrepancies should be notified to the Finance Assistant who will raise the issue with the supplier of the goods without delay.
168. If any goods are rejected or should be returned to the supplier because they are not as ordered or are of substandard quality, the Finance Department should be notified. The Finance Assistant will keep a central record of all goods returned to suppliers and will arrange the collection of the goods by the supplier.
169. All invoices must be sent to the Finance Department. Invoice receipt will be recorded and date stamped by the Finance Department and the invoice will be scanned into the finance system. The Finance Department will ensure that the:
 - invoice is arithmetically correct
 - VAT treated correctly
170. The Budget Holder must use the web access to the finance system to confirm that they have checked the order against the GRN and that the invoice is correct. Budget Holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
171. At the end of each week the Finance Assistant will produce a list of outstanding invoices from the purchase ledger and will chase Budget Holders to approve invoices for payment
172. Note: By this stage all orders have been created and/or approved by Budget Holders, delivered goods or services and their respective invoices have been checked for accuracy by the Budget Holder. The purchases have been made within current budget.
173. The Finance Assistant will then input details of payments to be made to the purchase ledger and generate the BACS Payments required. See full details of BACS Payment process earlier in this document.
174. BACS payments are the preferred method of payment. If this is not practical/possible then a cheque will be created by the Finance Manager or Business Manager. It will be presented along with associated paperwork to the two

authorised nominated cheque signatories for signature. The cheque payment will be posted to the supplier, a record of the cheque number and posting date will be retained.

SUMMARY OF PURCHASING DELEGATION OF AUTHORITY

From	To	Process	Approval by
£0	£4,000	Best Value. Competitive quotes advised but not essential. Use of ESPO and Preferred suppliers	Budget Holder
£4,001	£6,000	Three informal quotes, web searches, evidence to be provided	Business Manager
£6,001	£10,000	Three formal written quotes, evidence to be provided	Head Teacher
£10,001	£25,000	Minimum of three formal written quotes, evidence to be provided	Finance Committee
£25,001	£70,777	School managed tender process managed by Business Manager	Full Governing Body
£70,778	Above	School managed tender process compliant with OJEU managed by Business Manager	Full Governing Body

Orders and Annual Contracts up to the value of £4,000

175. Staff and Budget Holders must continually seek best value in all purchasing. Best value in simplest terms will be a balance between best price, ease of ordering for example preferred suppliers, ease of paying eg: BACS and NOT Credit Card, and timely delivery. For general stationery and educational supplies our preferred supplier is ESPO. (ESPO is a public sector owned professional buying organisation, offering a 27000 product catalogue, 120 Frameworks and bespoke procurement services.)
176. If repeat orders (year on year) for large value items (>£1000) are to be ordered Budget Holders should periodically compare the services and prices of other suppliers. You should provide this evidence to Finance when putting your order on the system.

Orders or Annual Contracts between £4,001 and £6,000

177. Budget Holders should follow the guide for lower value orders, but additionally they should seek at least three prices from different suppliers. The comparative pricing can be obtained from a combination of email quotes, dated and evidenced web searches or formal written quotes. Telephone quotes are NOT acceptable. The quotes must be passed to finance when putting your order on the system. Any order within this range must also be approved by the Business Manager.

Orders or Annual Contracts between £6,001 and £10,000

178. Budget Holders should follow the guide for lower value orders, but additionally they should seek at least three formal written quotations from different suppliers. The quotes must be for identical products or if not possible, they must be for a solution offering the same service/purpose. The quotes must be passed to finance when putting your order on the system. Advice on purchasing high value items can be provided by the Business Manager. Any order within this range must also be approved by the Head Teacher in his role as Accounting Officer.

Orders or Annual Contracts between £10,001 and £25,000

179. Budget Holders must seek approval in principle for their planned purchase from the Governors Finance Committee prior to then seeking a minimum of three formal written quotations from different suppliers. The quotes must be for identical products or if not possible they must be for a solution offering the same service/purpose. The quotes must be passed to finance when putting your order on the system. Advice on purchasing high value items can be provided by the Business Manager. Any order within this range must then be formally approved by the Governors Finance Committee who must scrutinise the quotes and agree that the supplier selected is providing best value.

Orders or Annual Contracts between £25,001 and £70,777

180. Budget Holders must seek approval in principle for their planned purchase from the Governors Finance Committee and the Full Governing Board prior to then transferring the procurement responsibility to the Business Manager. The Business Manager will then agree with the Governors Finance Committee which form of Formal Tender Process should be used (See Forms of Tender below). The final purchasing decision to be determined by the Tender process. Full Governing Body to approve final purchase.

Orders or Annual Contracts above £70,778

181. Budget Holders must seek approval in principle for their planned purchase from the Governors Finance Committee and the Full Governing Board prior to then transferring the procurement responsibility to the Business Manager. The Business Manager will then follow a procurement process compliant with the Office Journal of the European Union OJEU (or its equivalent post Brexit). Full Governing Body to approve final purchase.

OJEU (http://www.ojeu.eu/) updates the procurement thresholds per annum and the most up to date ones can be found on their website: http://www.ojeu.eu/thresholds.aspx

Trading with related parties

182. The academy trust must carefully manage, within the remit of the Academies Financial Handbook, any/all financial transactions with related parties to the trust. This requires the trust to compile a list of the business interests of all related parties and to ensure that the Finance Manager is able to identify any potential conflicts ahead of a purchasing commitment being made.
183. In broad terms there must be no conflict of interest between any supplier to the Academy and any Trustee, member or senior manager of the Academy. If trading with a business where there will be a conflict of interest must proceed – then permission may be required from the DfE in advance of any transaction AND if the transaction is directly with a related party the Academy should pay no more than cost for the product or service.
184. The Business Manager with the assistance of the Clerk to the Governing Body will seek a signed Declaration of Business Interests from all Trustees and Members and staff members of the Senior Leadership Team (SLT). This list will be published on the Academy website in the Governance section.
185. Upon the planned addition of a new supplier to the Academy's finance system, and prior to any purchasing transaction being completed, the Finance Manager will verify that the supplier has not been declared on the list of Business Interests. If the supplier is listed, the Finance Manager must notify the Business Manager immediately and temporarily cease the purchasing procedure for this supplier.

- The Business Manager will verify the Finance Manager findings.
- If true – the Business Manager will seek an alternative provider of the product/service offering similar/same value for money. They will also notify the member of staff attempting the procurement the reason for the supplier change.
- If an alternative provider is not available/possible then the Business Manager must report the Related Party Transaction to the DfE via this link: <https://onlinecollections.des.fasst.org.uk/onlinecollections/>
- IMPORTANT: If the value of the transaction/contract is > £20,000 then the same form above must be used – BUT permission to proceed must be given by the DfE prior to finalising the contract.

Trading with connected parties

186. In the event that the planned related party transaction will take place directly with a Member or Trustee or person closely related to a Trustee then it is very likely that the Academy will be required to pay “no more than cost” for the goods or services. This is a further requirement of the Funding Agency and quite complex – see Appendix 4 which is an extract from the Academies Financial Handbook.

Goods and services for private use

187. No goods are ordered or services provided to include any elements of private use by staff or governors.

Forms of Tenders

188. 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 Business Manager must discuss and agree with Finance Committee 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 the nature of the goods are such that only specific suppliers can be expected to supply the academy’s requirements, 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:
 1. the above methods have resulted in either no or unacceptable tenders,
 2. only one or very few suppliers are available,
 3. extreme urgency exists,
 4. additional deliveries by the existing supplier are justified

Preparation for Tender

189. Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

190. 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.

191. A tender brief must always be prepared by the Business Manager and is reviewed by the Finance Committee.

Invitation to Tender

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

193. 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
- dates for decision and work to be delivered

Tender Acceptance Procedures

194. The invitation to tender should state the date and time by which the completed tender document is received by the academy trust. Tenders are 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 are not accepted and will not be considered.

Tender Opening Procedures

195. 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 £70,777 - two of the Budget Holder, the Business Manager, the Head Teacher in their role as Accounting Officer
- For contracts over £70,778 - the Business Manager or the Head teacher in their role as Accounting Officer plus a member of the Finance Committee

196. A separate record is created to detail the names of the firms submitting tenders and the amount tendered. The record is signed by both people present at the tender opening.

Tendering Procedures

197. 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.

198. 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.

199. Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision.

200. The accepted tender should be the one that is economically most advantageous to the academy. All parties are then informed of the decision.

Insurance

201. The Finance Committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.

202. We have opted in to the Department for Education's Risk Protection Arrangement (RPA).

203. Budget Holders must ensure all valuables are kept under lock and key when not being used in a supervised manner.

204. The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

Trustees Expenses

205. All Trustees of this academy trust are entitled to claim the actual costs, which they incur as follows:

- childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)
- cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
- the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
- the cost of travel relating only to travel to meetings/training courses at a rate of 45 pence per mile** which does not exceed the specified rates for school personnel
- travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the any other source
- telephone charges, photocopying, stationery, postage etc.
- any other justifiable allowances

** A rate set periodically by HMRC

206. The Governing Body acknowledges that:

- Trustees are not be paid attendance allowance
- Trustees are not reimbursed for loss of earnings

207. Governors/Trustees wishing to make claims under these arrangements, must complete a claim form from the Business Manager together with the relevant receipts. The form must be submitted to the Finance Department within two weeks of the date when the cost were incurred, when they will be submitted for approval by the Chair of Finance Committee to be presented to the Finance Committee for final approval.

208. Claims will be subject to independent audit and may be investigated by the Chair of Governors (or Chair of Finance in respect of the Chair of Governors) if they appear excessive or inconsistent.

Gifts

209. Ordinarily gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 must be reported to the Headteacher in their role as Accounting Officer in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses (see Donations Policy for further details).

210. Gifts that have been reported are entered onto the gifts and hospitality register.

Energy Management

211. The Premises Manager is responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Meters should be checked before authorising any invoices from the utility providers. Any discrepancies or unusual reading should be raised with the Business Manager immediately.

212. The Premises Manager ensures that the school's heating system is operated and run as efficiently as possible.

213. The Business Manager ensures that the school is purchasing energy at the most competitive prices available.

214. All staff are responsible to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

Fraud

215. The trust does not tolerate fraud. Where instances of fraud are found the Business Manager or the Headteacher in their role as Accounting Officer will notify the DfE.

Whistleblowing

216. The trust has a separate policy dedicated to Whistleblowing – it is available from the Rugby High School website – under Governance -> Policies -> Whistleblowing Policy.

Leasing

217. Finance leases represent borrowing and are not generally allowed under the Academies Financial Handbook, however operating leases are allowable and are used by the Academy for items such as Photocopying and Printing Equipment, Minibus, IT Equipment etc. Fundamentally an operating lease is effectively renting a piece of equipment which must be surrendered at the end of the leasing period.

218. If an opportunity presents the Trust and it's needs can only be met by a Finance Lease then express permission must be sought from the DfE – it is however unlikely that the DfE will approve such a request. The request must be made formally by either the Business Manager or the Headteacher in their role as Accounting Officer.

219. The key difference between the two types of lease is outlined below:

Operating lease

Finance lease

Operating lease agreements typically have a shorter duration than the working life of the equipment. Under an operating lease, the leasing company ("lessor") retains the risks and rewards of ownership, and it will also retain an investment in the equipment being leased, known as the Residual Value. You will not own the equipment at the end of the agreement.	Finance lease agreements usually run for all, or a substantial proportion, of the equipment's estimated working life. Under a finance lease, the leasing company ("lessor") transfers all of the risks and rewards of ownership of the equipment to the customer ("lessee"). You will not own the equipment at the end of the agreement. Leases that do not meet the operating lease criteria will be finance leases
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220. Further details and guidance about leases, their purpose, restrictions placed by government on their use, and how to make best use of them is described in a document jointly developed by the DfE and the Institute of School Business Leadership – see: <https://www.gov.uk/government/publications/academy-trust-financialmanagement-good-practice-guides/leasing-guidance-for-academy-trusts>

221. When the need to use a Lease to acquire goods, the Business Manager will present a proposal to the Finance Committee outlining the pros and cons of embarking on a long term lease in order to secure what would ordinarily be a high value Capital purchase. The type of Lease Agreement will be detailed, the duration of the agreement, the scenario at the end of the lease period ie. How will the school continue without the equipment when returned to the lessor or what continued rent will be applicable? The Business Manager must clearly state the business case and ensure that best value principles are met.

222. Subject to the agreement of the Finance Committee the proposal will be summarised for the purpose of seeking approval from the Full Board. The purchase order cannot be placed and the contract cannot be signed until full approval is sanctioned by the Board.

223. Upon approval the Business Manager will place the order and sign the contract with the Accounting Officer as counter signatory. The contract details will be added to the contract folder and a copy of the contract will be referenced and stored within the finance system.

VAT

VAT 126 form

224. The Finance Manager is responsible for submitting the VAT 126 form once per quarter.
225. The finance system automatically records the VAT element of every purchase. When purchase orders are created the Finance Assistant must ensure that the correct VAT rate is used for each order line item.
226. The Finance Manager must consolidate three monthly reports in to one Quarterly claim which can be achieved using a simple spread sheet.
227. The monthly VAT summary reports and the consolidation spread sheet must be stored with the VAT126 claim form. Electronic copies can be kept on the file server. The finance system remains the substantive record of all VAT transactions.
228. The VAT126 claim form is completed online here: <https://www.gov.uk/guidance/claim-a-vat-refund-as-anorganisation-not-registered-for-vat>
229. When the VAT refund is received to the bank the Finance Manager will reconcile to the VAT nominal.

Capital Projects - Management

You should only refer to the CIS if you pay subcontractors for construction or spend over a £1,000,000 in a 3 year period (<https://www.gov.uk/what-is-the-construction-industry-scheme>).

236. Capital projects will require approval by the Trustees and their total cost will not be the deciding factor for this approval. By definition a capital project will make a significant modification/improvement to the physical infrastructure of the Academy. This could include but is not limited to bricks and mortar, ICT infrastructure, security or groundworks.
237. Significant Capital projects require considerable thought and planning and will usually be part of a long term component of the Asset Management plan of the Academy.
238. The Business Manager and the Headteacher will be responsible for identifying potential improvements or additions to the physical assets of the Academy. An initial concept/idea will be tabled to the Finance Committee – approval will be sought to commence a basic feasibility study including an early estimate of costs.
239. The Business Manager will complete a Preliminary Feasibility Study of the proposed project. This will include:
 1. the overall cost estimate;
 2. the impact to school operations during its completion (ie can it be completed in Vacation time or will Teaching and Learning be impacted);
 3. the potential impact upon neighbours;
 4. a proposal for a self-managed project or the requirement of professional project managers;
 5. an estimate of the project management fee (if required);
 6. the identification of the source(s) of funds – including likelihood of success if a grant is required.

7. Depending on the nature of the project an outline description of the project will include the size of the structure, an early artists impression, future savings to the Academy upon completion etc. 240. The Preliminary Feasibility Study will be presented to the Full Board for authority to proceed to secure detailed costings and seek and pay for professional advice as outlined in the study.
241. Depending on the scope of the project the Business Manager will either complete the costing exercise and final designs (Final Feasibility Study) using Academy Staff as instructed by the Full Board, or commission a project management company to complete the planning and costings exercise.
 1. The appointment of a project management company will be made using the appropriate form of formal Tender as outlined in this document.
 2. The decision to seek Grant funding from the DfE will form part of this exercise.
242. The Final Feasibility Study will be presented to the Finance Committee by the Business Manager/and or the appointed project management company. The Finance Committee will be asked to consider the final Estimate for the project and the full scope of works. They will decide whether the proposed funding model is appropriate and adequate. If external funding from the DfE is required the Academy will be required to fund a proportion of the total project costs from its reserves. The Finance Committee must be secure in their decision and subsequent recommendation to the Full Board that the Academy has sufficient funds (including an appropriate contingency) to fund either the whole project or its share if funded by the DfE.
243. If the outcome of the Finance Committee is:
 1. to reject the proposal in part, they will instruct for further refinements or modifications to the proposal to be made and then request a further review prior to submitting to the Full Board.
 2. to reject the proposal in full then the project must halt, but this decision must be ratified by the Full Board.
 3. To accept the proposal – then this must be ratified by the Full Board.
244. The Business Manager and Headteacher will present the Final Feasibility Study to the Full Board to seek their approval to apply for Funding from the DfE if required or to commence the project using school reserves.
 1. If external funding from the DfE is required it must be made using the School Capital Funding process found here: <https://www.gov.uk/guidance/school-capital-funding>
245. The Project Manager or Business Manager depending on project scope will seek suitable Planning Permission for the project and Building Control approvals where necessary.
246. The Business Manager must give regular progress updates to the Finance Committee at least at each subsequent Committee meeting and more frequently by formal email if required in order to keep the project on track.
 - If the project expenditure is in excess of the planned budget the Finance Committee must be notified immediately by the Business Manager.
 - The Finance Committee will determine if the project should pause for a reconsideration of costs and will notify the full board as necessary.

Fixed assets

247. The trust must obtain prior approval from DfE for the following transactions:
 - acquiring a freehold of land or buildings

- disposing of a freehold of 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.
248. Other than land, buildings and heritage assets, the trusts can dispose of other fixed assets without DfE approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.
249. The DfE guidance on the acquisition and sale of property as directed in the Academies Financial Handbook is here: <https://www.gov.uk/government/publications/academy-property-transactions/property-informationnotes>
250. Detailed guidance on various transaction methodologies for the acquisition, disposition and development of buildings/land is explained in a series of Property Information Notes (PINs). For example a “Self-funded building project”. The schedule of the PINs are here:
- <https://www.gov.uk/government/publications/academy-property-transactions-advice-and-forms>

Asset register

251. All items purchased with a value over the academy’s capitalisation limit of £1,000 must be entered on the fixed asset register by the Finance Manager. The fixed asset register is maintained within the Finance System and is capable of automatically depreciating the assets.
252. The Finance Manager, as part of their month end routine, should trigger the depreciation process. The asset register should retain the following data elements for each asset:
- asset description
 - asset number
 - serial number
 - date of acquisition
 - asset cost
 - source of funding (% of original cost funded from grant and % funded from other sources)
 - expected useful economic life
 - depreciation
 - current book value
 - location
 - name of member of staff responsible for the asset
253. 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
 - support insurance claims in the event of fire, theft, vandalism or other disasters

254. Examples of items to include on the asset register include:

- ICT hardware and software: Laptops, PCs, Servers, Switches etc
- Reprographic equipment – photocopiers, scanners etc
- Office equipment – shredders, switchboard
- Furniture
- Audio Visual equipment – TVs, projectors, cameras, sound system
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, DT machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment ,Mini buses

Security of assets

255. All the items in the register are permanently and visibly marked as the academy trust's property.

256. Equipment is, where possible, stored securely when not in use.

257. An annual count must be undertaken by the Business Manager or their delegate, who is different from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the governing body.

Disposals

258. Disposals, where applicable, are in line with the Academies Financial Handbook.

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

260. Other than land, buildings and heritage assets, the Academy can dispose of other fixed assets without DfE's approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money. See the Academies Financial Handbook for full details.

Loan of Assets

261. Items of academy property must not be removed from academy premises without the authority of the Headteacher. A record of the loan must be notified in writing to the Business Manager and recorded in a loan book and booked back in when it is returned. The Finance Manager should make a formal note on the Asset register in readiness for the audit of the Assets.

262. Teaching staff and some support staff are required to use a laptop computer for the work. The staff are permitted to take the laptop off site to allow them to prepare lessons from home. The laptop is made available to staff for work purposes only.

263. 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 academy's auditors.

Risk Register - Management

264. The Academy maintains a Risk Register in compliance with the DfE's guidance "Academy Trust risk Management" –see:<https://www.gov.uk/government/publications/academy-trust-financial-management-good-practiceguides/academy-trust-risk-management>

265. The Headteacher and the Business Manager will prepare the risk register by consulting other members of the Leadership Team, Heads of Department, Designated Safeguarding Lead and other professional colleagues as required.

266. Each risk will be RAG rated based on the combined impact of its likelihood to occur and its impact if it does.

267. The Risk Register will be reviewed on an annual basis and additionally when a significant new risk is identified. The Register covers the following broad categories:

1. Governance and Management
2. Operational Risks
3. Financial Risks
4. External Risks
5. Compliance Risks
6. Child protection and safeguarding

268. The draft Risk Register will be presented to the Finance Committee and the Quality assurance Committee for approval or further revision, prior to seeking full approval of the Board.

APPENDICES

Appendix 1: Reporting on regularity for the accounting officer

Appendix 2: Summary of freedoms and delegations

Appendix 3: Banking Transaction Approval Panel

Appendix 4: At Cost Requirements

APPENDIX 1

Extract from the: Academies Accounts Direction 2019-2020

2 Reporting on regularity for the accounting officer

2.1 Introduction

2.2 This section gives advice to accounting officers to help them in making their statement on regularity, propriety and compliance.

2.3 The statement covers all income received and all expenditure disbursed during the period regardless of source. Whilst some of the income may be deemed unrestricted by the academy trust, as soon as it is received into the entity it will fall under the remit of regularity.

2.4 What is regularity and propriety?

2.5 Regularity and propriety are discussed at length in the HM Treasury publications ‘Managing Public Money’ [[MPM section 2.4](#)] and ‘[Regularity, Propriety and Value for Money](#)’ and are summarised in the Handbook. Therefore, the following section serves as an overview of these concepts.

2.6 Parliament is concerned that any public money raised and subsequently distributed is used only for approved purposes. This is termed as regularity. ‘Managing Public Money’ defines regularity as the requirement that ‘resource consumption should accord with the relevant legislation, the relevant delegated authority and this document’.

2.7 Regularity, therefore, requires that a financial transaction be in accordance with the relevant framework of authorities, and should be woven into the academy trust’s internal control procedures.

2.8 Propriety is a related concept and concerned more with standards of conduct, behaviour and corporate governance. ‘Managing Public Money’ defines propriety as the requirement that ‘patterns of resource consumption should respect Parliament’s intentions, conventions and control procedures, including any laid down by the Public Accounts Committee’.

2.9 Propriety is less prescriptively defined but includes matters such as:

- fairness
- integrity
- the avoidance of private profit from public business
- even handedness in the appointment of staff
- open competition in the letting of contracts
- avoidance of waste and extravagance

There are no definitive guidelines for propriety and professional judgement is required.

2.10 Section 9.3 of 'Regularity, Propriety and Value for Money' details the following tests which may be useful for the accounting officer to consider whether a transaction is regular and proper and of benefit to the academy trust:

- is the expenditure in the best interest of your organisation?
- does the expenditure comply with approved procurement rules and policies?
- will there be a valid business benefit to the organisation from the expenditure and not just personal benefit to an employee?
- is the expenditure necessary?
- is the expenditure reasonable, meaning - does it fully meet the identified and agreed needs?
- has the expenditure been properly authorised?

2.11 The accounting officer has a duty of care to inform the reporting accountant when they have received a 'minded to' letter or a Financial Notice to Improve (FNtI). They should also inform the reporting accountant when they are being investigated following a whistleblowing or fraud allegation.

2.12 Statement on regularity, propriety and compliance

2.13 This is a formal declaration by the accounting officer that they have met their personal responsibilities to Parliament for the resources under their control during the year.

2.14 To form their conclusion the accounting officer must ensure that the academy trust is working within the boundaries of regularity and propriety. This work will be performed throughout the year, as part of their oversight of internal control processes such as:

- review of management reporting documents
- review of trustees'/governors' minutes
- confirming compliance with the academy trust's Scheme of Delegation
- compliance with delegated authorities
- ensuring related party transactions have been completed in accordance with the not for profit principles and the relevant statements of assurance have been obtained and reviewed
- consideration of whether any personal benefit has been derived from the academy trust's transactions by staff or connected individuals
- adherence to tendering policies

2.15 The accounting officer can also draw comfort from the work of the audit committee, auditor, non-employed trustee or peer reviewer who provides a process for independent checking of financial controls, systems, transactions and risks.

2.16 DfE's accounting officer writes to academy trusts' accounting officers [annually](#) to share some outcomes of DfE work and these provide a useful aide-memoir.

- 2.17 It is for the academy trust accounting officer to determine if further work is necessary at yearend, however DfE does not anticipate that, if proper internal control processes have operated during the year, there will be a need for significant additional scrutiny.
- 2.18 In the statement the accounting officer should report all areas of non-compliance split between those which affect underlying financial transactions and those which are other weaknesses and, where known, should state the monetary amounts involved.
- 2.19 Reporting on fraud
- 2.20 Fraud, by its inherent nature of deception to result in financial or personal gain, means that the transaction must be irregular and improper. Section 6.9 to 6.10 of the Handbook sets out the circumstances in which fraud should be reported to DfE.
- 2.21 The accounting officer will need to include any identified fraud in their statement on regularity, propriety and compliance.
- 2.22 The accounting officer should ensure that any references in the final signed statement to instances of material irregularity, impropriety or funding non-compliance are consistent with any findings from the work of the reporting accountant.
- 2.23 Documenting the evidence behind the statement
- 2.24 The accounting officer should be able to support their statement. Although specific documentation is not required, the accounting officer should retain a file that details work undertaken throughout the year to:
- provide support for the accounting officer sign off at year end
 - assist with the reporting accountant's questions
- 2.25 The retention of a working papers file would also assist the academy trust if there were a change of accounting officer during the reporting period, or before finalisation of the accounts.
- 2.26 Where the accounting officer leaves during the year or up to the date of signing the declaration, including in the run-up to trust closure, the trustees must appoint a new accounting officer (interim/short-term if appropriate). The new accounting officer must be satisfied they can support their signing of the statement. This will be achieved through evidence of discussions between the new accounting officer and trustees, the internal auditor/scrutineer, the senior leadership team and, where possible, the previous accounting officer, along with the availability of all relevant minutes and reports during the period covered by the statement.

APPENDIX 2

Extract from the: Academies Financial Handbook

Summary of freedoms and delegations

5.64 This summary is not a substitute for the full handbook. Trusts' delegated authorities are subject to the conditions in section [5.59](#). Trusts under a [financial notice to improve](#) will have their delegated authorities revoked under section [6.17](#).

Novel, contentious and repercussive	Novel, contentious and repercussive transactions	DfE agreement required [5.5]
Special payments	Staff severance and compensation	DfE agreement required if £50,000 or more before tax [5.10] and 5.14]
	Ex gratia payments	DfE agreement required [5.17]
Write-offs and liabilities (subject to £250,000 ceiling)	Writing-off debts and losses	DfE consent required if exceeds:
	Entering into guarantees, indemnities or letters of comfort	1% of annual income or £45,000 individually; or 2.5% or 5% of annual income cumulatively [5.18] and 5.19]
Acquisition and disposal of fixed assets	Acquiring freehold land/buildings	DfE agreement required [5.22]
	Disposing of a freehold on land/buildings	DfE agreement required [5.22]
	Disposing of heritage assets	DfE agreement required [5.22]
	Other disposals	Trust has full discretion [5.23]
Leasing	Taking up a finance lease	DfE agreement required [5.25]
	Taking up a leasehold on land and buildings	DfE agreement if lease term seven years or more [5.25]
	Taking up any other lease	Trust has full discretion [5.26]

	Granting a lease on land and buildings	DfE agreement required [5.25] _____
GAG	GAG carry forward	No limits if trust eligible [5.28] _____
	Pooling by trusts with multiple academies	No limits (except PFI) if trust eligible [5.29_____]
Borrowing	Loan, overdraft	DfE agreement required [5.32_____]
	Credit cards (for business use)	Trust has full discretion provided charges not incurred [5.32] _____
Related party transactions	Supplies to the trust from related parties	DfE agreement required over £20,000 and over associated limits in 5.41 _____

Appendix 3

Banking Transaction Approval Panel

Position	Name	AddPayees	SetUpPayments & Transfers	ViewBalances and Transactions	Approve Transactions up to £20K (1)	Approve Transactions up to £30K (1)	Approve international payments (2)
Finance Assistant	Kasha Lea		Yes				
Finance Manager	Linda Williams	Yes	Yes	Yes			
Deputy Headteacher	Jo Grimes			Yes	Yes		
Snr Assistant Headteacher	Yvette Grogan (5)			Yes			
Business Manager CFO	Louisa Wallace (3)	Yes	Yes (4)	Yes		Yes	Yes
Headteacher Accounting Officer	Mark Grady (3)	Yes	Yes (4)	Yes		Yes	Yes

Chair of Governors	Peter Reaney			Yes		Yes	Yes
NOTES							
(1)	Single transaction approval limit. TWO approvals required for all transactions.						
(2)	Approval for international payments such as for school trips						
(3)	Corporate Administrators (CA)						
(4)	Whilst CA's can create and approve a transaction the secondary approval must be by other CA.						
(5)	Temporarily inactive						

Appendix 4

At Cost Requirements – extract from Academies Trust Handbook

At cost requirements

5.48 Subject to sections [5.53](#) to [5.56](#) a trust must pay no more than 'cost' for goods or services ('services' do not include contracts of employment) provided to it by the following persons ('persons' meaning both individuals and organisations):

- members or trustees of the academy trust
- individuals or organisations related to a member or trustee of the academy trust. For these purposes the following persons are related to a member, or trustee:
 - a relative of the member or trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
 - an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
 - a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
 - an organisation controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation can secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes

- any individual or organisation given the right under the trust's [articles of association](#) to appoint a member or trustee of the academy trust; or any body connected to such individual or organisation
- any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or any body connected to such individual or organisation.

5.49 A body is connected to another individual or organisation if it is controlled by the individual or organisation, or controls the organisation, or is under common control with the individual or organisation. For these purposes, control means:

- holding more than 20% of the share capital (or equivalent interest), or
- having the equivalent right to control management decisions of the body, or
- having the right to appoint or remove a majority of the board or governing body.

5.50 The 'at cost' requirement does not apply to the trust's employees unless they are also one of the parties described in section [5.48](#).

5.51 While these provisions do not apply to contracts of employment, the principles of [value for money](#) and using public money properly, including managing conflicts of interest, still apply. Salaries should be appropriate to the individual's skills and experience and to wider market rates.

5.52 If staff of an individual or organisation in section [5.48](#) are based in, or work from the premises of, the academy trust, that individual/ organisation and the trust must agree an appropriate sum to be paid to the trust for use/occupation of the premises, save to the extent that they are carrying out work for the trust.

5.53 The 'at cost' requirement applies to contracts with a related party agreed

5.54 The 'at cost' requirement applies to contracts with a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

5.55 In relation to organisations supplying legal advice or audit services to the academy trust, the 'at cost' requirement applies where the organisation's partner managing the service is a member or trustee of the trust but not in other cases for those organisations. The published [ethical standards](#) for auditors prevent partners or employees of the audit firm from acting as a trustee of their client trust, but not of other trusts.

5.56 In relation to dioceses, the contributions made by an academy trust to its diocese for services it receives associated with securing the academy trust's religious character and ethos, which only the diocese can provide, are regarded as meeting the 'at cost' requirement.

5.57 Academy trusts must ensure any agreement with an individual or organisation referred to in section [5.48](#) to supply goods or services to the trust is properly procured through an open and fair process and is:

supported by a statement of assurance from that individual or organisation to the trust confirming their charges do not exceed the cost of the goods or services, and

on the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

5.58 For these purposes the cost will be the 'full cost' of all the resources used in supplying the goods or services and must not include any profit. Full cost includes:

all direct costs (costs of materials and labour used directly in producing the goods or services)

indirect costs (a proportionate share of fixed and variable overheads).

