

# Finance Policy



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# 1. Introduction

**This policy relates to all academies in the Arden Forest C of E Multi Academy Trust.**

The purpose of this policy is to ensure that the Arden Forest C of E Multi Academy Trust maintains and develops systems of financial control that conform to the requirements of propriety, regularity and good financial management. It is essential that these systems operate properly to meet the requirements of Arden Forest Multi Academy Trust's Funding agreement with the Department of Education.

The Multi Academy Trust must comply with the principles of financial control outlined in the Academy Trust Handbook published by the Education and Skills Funding Agency (ESFA). This manual expands on these principles and provides detailed information on the Trust's accounting procedures. It should be read by all staff involved with financial systems and procedures across the Multi Academy Trust.

## 2. Organisation

The Multi Academy Trust has defined the responsibilities of each person involved in the administration of its finances to ensure clarity of responsibilities and to provide a framework of accountability for directors, governors and staff. The financial reporting structure is outlined in the Arden Forest Multi Academy Trust's Scheme of Delegation and is detailed below:

### 2.1 Trust Board

The Trust Board has overall responsibility for the oversight of the Multi Academy Trust's finances. The main responsibilities of the Board of Directors are prescribed in the Funding Agreement between the MAT and the DfE and in the Academy Trust's scheme of delegation.

The main responsibilities include:

- Ensuring the financial sustainability of the Trust
- Ensuring that grant funding from the DfE and other restricted funding is used for the purposes intended
- Approval of the annual budget
- Approval of the reserves policy
- Appointment of the Accounting Officer
- Appointment of the Chief Financial Officer, in conjunction with the Chief Executive Officer
- Ensuring annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued in the Academy Accounts Direction
- Reviewing of financial controls through receipt and monitoring of internal and external audit reports
- Reviewing the risk register and agreeing a trust programme of internal scrutiny

### 2.2 Local Governing Body (LGB)

The main financial responsibilities are detailed in their Terms of Reference, these include:

- Initial review and recommendation of the annual budget;
- Regular monitoring of actual expenditure and income against budget;
- Approval of expenditure and awarding of contracts as specified in MAT's Scheme of Delegation
- To review the school staffing structure and its effectiveness
- To oversee the process leading to staff reductions
- To follow established procedure when advertising, selecting and appointing staff.

## **2.3 Accounting Officer**

The Accounting Officer has overall executive responsibility for the Trust's financial activities and assuring the Board that there is compliance with the funding agreement and handbook.

The main responsibilities include:

- Ensuring there is consistent regularity in the transactions and processes of the Trust
- Maintaining high standards of propriety
- Ensuring value for money in the use of public funds
- Informing the Board of Directors where the Trust or Board of Directors has fallen below the standards required in the Academy Trust Handbook.

## **2.4 Chief Financial Officer**

The Chief Financial Officer works in close collaboration with the Accounting Officer and is responsible to the Board of Directors for the Trust's detailed financial procedures.

The main responsibilities include:

- Establishment and operation of a suitable accounting system
- Management of the Trust's financial position at a strategic and operational level
- Implementation and operation of robust, effective financial controls
- Ensuring annual accounts are properly presented and adequately supported by underlying books and records
- Ensuring preparation of monthly management accounts
- Ensuring preparation of an annual and 3 year budget plan for the Trust and its presentation to the Board of Directors for approval
- Ensuring returns are sent to the DfE in line with the DfE Guidance
- Day to day management of financial issues
- Ensuring finance and payroll systems are effectively managed
- Provision of guidance and support to Trust Finance staff
- Approval of new staff contracts and any modifications to existing contracts, to ensure affordability
- Approval of BACs and credit card holders

The Chief Financial Officer can delegate these responsibilities as appropriate.

## **2.5 Head teachers**

Head teachers are responsible for the oversight and management of their academy budget as approved by the Board of Directors.

The main responsibilities include:

- The finance policy is adhered to at their academy and that all academy staff are following the financial procedures described.
- Approval of expenditure and acceptance of quotes in line with the thresholds in the Scheme of delegation
- Authorisation of BACs, expense claims and overtime claims, ensuring they are within budget and are supported by relevant documentation

## **2.6 Other staff with finance responsibilities**

Each academy has administrative staff with finance responsibilities.

The main responsibilities include:

- Processing invoices for payment and submission of BACS
- Collation of payment records including invoices, delivery notes and purchase orders
- Management of the school's Parent Financial Management System, including monitoring of outstanding debt
- Allocation of income and expenditure to the appropriate ledger account codes
- Monitoring of expenditure against budget lines

Administrative staff will be supported by the MAT Central Finance team to ensure adherence to financial controls and procedures as laid out in this policy.

## 2.7 Other staff

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

## 2.8 Register of Interests

All Trust Members and Directors, Local Governors and staff with significant influence or financial powers are required to declare any financial interest they have in companies or individuals from which the academy may purchase goods or services. This will ensure anyone involved in spending public money can demonstrate that they do not benefit personally from decisions they make. Relevant business and pecuniary interests of Members, Directors, local governors and accounting officers are published on either the MAT or each academy's website, as appropriate.

The register of interests must capture relevant business and pecuniary interests including:

- Directorships, partnerships and employments with businesses
- Trusteeships and governorships at other educational institutions and charities
- Business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Director, Governor or member of staff by the person

# 3. Financial Planning

The Head Teacher is the main budget holder for each academy and has primary responsibility for preparing both medium term and annual financial plans, with the support of the central MAT finance team and LGB.

The medium-term financial plan is prepared as part of the academy's planning process. It indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next 3 years.

Each academy's School Improvement Plan provides the framework for the annual budget. The annual budget is a detailed statement of the expected resources available to the academy and the planned use of those resources during the year.

## 3.1 Annual Budget

The Head Teacher is responsible for preparing the annual budget, in consultation with the LGB and with the support of the MAT central finance team. The LGB will make a recommendation for approval to the MAT Board of Directors with any amendments they feel are appropriate.

The MAT Board of Directors will approve the consolidated budget forecast for the MAT including the individual academy budgets prior to the submission deadline specified by the ESFA. The Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the most accurate forecast of the resources available to the academy for the forthcoming year(s) and will detail how those resources are to be utilised. There should be a clear link between the objectives identified in the School Improvement Plan and the budgeted utilisation of resources.

The budget planning process will incorporate the following elements:

- Forecasts of likely pupil numbers to estimate the amount of DfE grants receivable
- Level of grants receivable from other government institutions (e.g. Local Authority)
- Review of staffing configuration and the alignment to pupil needs
- Review of other income sources
- Review of past performance against budgets to understand the academy cost base
- Identification of potential efficiency savings using benchmarking
- Review of expenditure headings in light of expected variations in costs e.g. pay increases, inflation or other anticipated changes.

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding for each academy. If shortfalls are identified, plans must be discussed to assess how the budget can be brought into balance. If exceptional circumstances mean that an academy within the Trust proposes a deficit budget for the forthcoming year, then this must be agreed by the MAT Board of Directors. Individual academies must maintain as a minimum a reserve's balance equal to 5% of total annual income. If an academy falls below this level, they must provide a 3 year budget which shows a return to a minimum reserves level of 5% by the end of a 3 year period.

Once the budget is agreed, this should be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

The budget should be seen as a working document which may need revising throughout the year as circumstances change, any significant over or under spends should be reported to the LGB through the termly finance meeting with the Head Teacher and Finance Governor. Any substantial changes must be approved in accordance with the MAT's Scheme of Delegation.

### **3.2 Monitoring and review**

Monthly management accounts reports, including balance sheet reconciliations, are prepared by the MAT central finance team for each academy. The reports will be prepared on an accruals basis, and detail income and expenditure against budget. The reports will include commentary which highlights risks, including recommendations, where appropriate to correct any significant over or under spend. Monthly management accounts are shared with the Head Teacher, Finance Governor and Board of Directors.

Reforecasts detailing any variances to budget will be conducted by the MAT central finance team in the Autumn and Spring term and agreed with the Head Teacher and Finance Governor at the finance meetings. The original budget will be locked in the Trust's accounting system. Following the finalisation of reforecasts, these will be imported into the accounting system separately as a current budget. From the following month end, actual income and costs will be compared to the current budget, as opposed to the original budget. The original budget will remain in management accounts, in a separate column for full visibility.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast then corrective action should be taken or authority for such an overspend should be granted in line with the scheme of delegation.

## **4. Accounting System**

All the financial transactions of each academy must be recorded into Access Finance, the Trust's financial accounting system. This system is operated by the Finance team across the academies and MAT Central finance team and contains details of all financial transactions carried out by the Academy Trust.

The system has a ledger for each academy within the Trust as well as a central trust level ledger. A sales and purchase ledger function are also provided by the system.

### **4.1 System Access**

Entry into Access Finance, is password restricted so that only authorised users can access the system. Users should not share their password with any other team members, to ensure only personnel who are required to use Access Finance as part of their job role can access the system.

Access to the permission control areas of Access Finance is restricted to the MAT Central Finance team who are responsible for setting access levels for all members of staff using the system. This ensures users only have access to the establishments and user levels required, as appropriate to their job role.

## 4.2 Back up procedures

Data is stored on the cloud by Access, so back-ups are managed remotely by the supplier with due regard to the relevant legislation regarding Data Protection.

In accordance with the Academy Trust Handbook, the Trust must retain records to verify provision delivered by it, or its sub-contractors, in relation its funding agreement, at least six years after the period to which funding relates.

## 4.3 Transaction Processing

All journal entries and transactions must be supported by documentation or appropriate descriptions in system and be available for scrutiny by both the Internal and External auditors. All transactions input to the accounting system must be authorised in accordance with procedures specified in this manual.

Bank payment transactions should be input by the finance staff at the academy and the input should be checked and signed to evidence this check by the Head Teacher of the academy. The signed documentation should be sent to the central MAT team Finance manager for review. The bank transactions will be checked and authorised in Lloyds by the MAT Central finance team in line with the bank mandate and ensuring segregation of duties for each transaction.

## 4.4 Reconciliations

The person responsible for finance at each academy is responsible for completing the following reconciliations each month, and ensuring that any reconciling or balancing amounts are explained:

- Payroll reconciliation
- Sales ledger control account (e.g. aged debtor reports)
- Purchase ledger control account (e.g. aged creditor report)
- Credit card account
- Bank balance per the nominal ledger to the bank statement.

The Head Teacher will review and sign all reconciliations as evidence of their review. The reconciliations are then sent to the MAT Central Finance Team to review as part of their monthly management accounts process.

The MAT Central Finance team are also responsible for reconciling as part of their monthly management accounts process:

- General Annual Grant and other grant reconciliation
- Other sundry debtors and creditors accounts

Any unusual or long outstanding reconciling items must be brought to the attention of The Chief Financial Officer.

## 5. Income

The main sources of income for the Trust are the grants from the DfE, via the Education and Skills Funding Agency. The Trust also obtains income from the Local Authority for SEND, Early Years, Looked After Children and other grants. The receipt of these sums is monitored directly by the MAT Central Finance Team.

The academy also obtains income from parents, the public or other third parties for:

- School meals
- Trips and residential visits
- Swimming
- Wraparound care provision
- Nursery provision
- Music lessons
- Lettings
- Income from trading and investment activity
- Donations

## **5.1 Billing**

Amounts due from parents will be administered by the academy's cashless payment system e.g. ParentPay, School Money. Each academy is responsible for the day to day administration of this and the collection of income. Outstanding debt on the cashless payment system should be reviewed regularly by each academy and will be reviewed on an ad hoc basis by the MAT Central Finance team.

Invoices to third parties should be issued by each academy as soon as the event has occurred e.g. use of facility/provision, reflecting the need of the trust to maintain healthy cash flow. Invoices should be raised in the Access Finance system to ensure timely accounting and a clear audit trail.

No unpaid amounts should be written off without authorisation, as stipulated in the Scheme of Delegation.

## **5.2 Trips**

Each academy is responsible for budgeting for trips and collecting the sums due. Payments should be made in line with the arrangements laid out by each academy (e.g. via Parent Pay). A receipt must be issued for all monies collected (this will usually be done electronically).

The Academy should maintain an up-to-date record for each pupil/parent showing the amount paid and the amount outstanding.

## **5.3 Lettings**

The person responsible for finance at each academy is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation in liaison with other academy staff. Payment profiles must be agreed in advance of the use of facilities and monitored regularly.

Details of organisations using the facilities will be held by the academy who will establish a sales ledger account and produce a sales invoice from Access Finance.

## **5.4 Custody of cash and cheques**

All academies within the MAT will operate on a cashless basis, wherever possible. However, should cash or cheques be required, all receipts are recorded by the Office. All cash and cheques must be held in the safe prior to banking. Cash banking should take place every week or more frequently if the sums collected exceed the £500.

Monies collected must be banked in their entirety in the academy's bank account. The person responsible for finance at each academy is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system during the routine month end bank reconciliation procedure.

# **6. Cash Management**

## **6.1 Bank Accounts**

Each academy has its own bank account with Lloyds Commercial. The MAT Central Finance team will administer all bank accounts for the MAT, including setting up authorisation levels for viewing bank account statements, account transfers, BACS uploads and BACS authorisation. This process is completed in accordance with the bank mandate.

## **6.2 Bank Deposits**

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

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

All entries will be recorded and reconciled on Access Finance and reconciled regularly with the bank statement.

### **6.3 Payments and withdrawals**

All BACS payments and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two authorised signatories, in line with the bank mandate. This will normally be evidenced electronically on Lloyds commercial banking online and can be supported by a printed statement if needed.

### **6.4 Bank reconciliations**

The person responsible for finance in each academy must ensure bank statements are accessed 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 at least monthly
- Any anomalies are investigated by the academy and escalated to the MAT central finance team when required
- Reconciliations are subject to review by the MAT Central Finance team
- Adjustments arising are dealt with promptly

### **6.5 Credit Cards**

Credit cards are issued to Head Teachers and Office Managers for the purposes of paying for goods and services when the normal ordering processes are not possible. The procurement of goods and services through the use of credit cards should be within limits set out in the Scheme of Delegation.

Cards will have a maximum amount of £2,000 per month and this will be approved by the Chief Financial Officer.

A monthly reconciliation of expenditure shall be undertaken by the person responsible for finance at each academy, including all VAT receipts by purchase, and this shall be signed off by the Head teacher and available for the review by the MAT Central Finance team.

Credit Card Holders will

- Ensure cards are held securely
- Ensure PIN numbers are not disclosed to any other persons
- Report any instances of unauthorised card use to the CFO or Head Teacher.
- Report the loss of card or PIN details to the Bank immediately.

### **6.6 Cash flow monitoring**

The MAT Central Finance team is responsible for reviewing cash balances to ensure that each academy has sufficient available funds to cover day to day operations. Account transfers will be made as appropriate within MAT bank accounts to ensure no account is overdrawn.

Any surplus funds will be reviewed as per the investment policy.

## **7. Fixed Assets**

### **7.1 Fixed Asset register**

All items purchased with a value over the Trust's capitalisation limit of £2,000 must be entered on a fixed asset register.

The fixed asset register should include the asset description, date of acquisition, asset cost, expected useful economic life, depreciation and net book value.

The Asset Register helps:

- Ensure academy's take responsibility for the safe custody of assets
- Enable checks as a deterrent against theft or misuse
- Manage assets effectively and plan for their replacement

- Assess the value of the assets over time for audit purposes and any potential insurance claims in the event of fire, theft, vandalism or other disasters

Fixed asset policy is determined on an annual basis as part of the Statutory accounts process and will be reviewed by the Board of Directors. This will include review of asset classes and expected useful economic life, so that depreciation remains relevant and consistent across the Trust.

## **7.2 Security of assets**

All the items on the register should be permanently and visibly marked as the academy's property. There should be checks, at least annually, to ensure the physical existence in school of all assets on the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the LGB and CFO. Inventories of academy property should be kept up to date and reviewed regularly.

## **7.3 Disposals**

Items which are to be disposed of by sale or destruction must be authorised in line with the Scheme of Delegation

# **8. Payroll**

The payroll provision for the Trust is outsourced and the contract for this is currently with Neo People.

The payroll outsourcer will operate this service, including administration services to ensure all required returns are delivered to external agencies including HMRC, the local government pension scheme (Warwickshire Pension Fund) and the Teachers' Pension Scheme.

The contract for payroll will be kept under review to ensure that the best value for money service is provided.

## **8.1 Staff Appointments**

The staffing structure for each academy is agreed and approved as part of the budget setting process, as detailed in section 3. Material changes to the staffing structure for each academy will be authorised in line with the Scheme of Delegation.

The Head Teacher may appoint staff within the agreed staffing structure, following MAT HR processes and procedures. Any such changes to the staffing structure must be authorised by the CFO / CEO prior to any recruitment process, to ensure affordability within the constraints of the budget.

The schools will maintain personnel files for all members of staff, which include contracts of employment and a full record of the recruitment process requirements in line with MAT HR processes and procedures.

## **8.2 Payroll Administration**

Each academy's payroll is managed by Neo People.

All payroll transactions relating to academy staff, permanent or fixed term, will be processed through the payroll system for each academy. Payments for employment will not be made to staff through any other mechanism.

All new appointments, leavers, changes to contracts or personal details are updated on the payroll system, by the office administrator responsible for payroll and authorised by the Head Teacher. Any contractual changes are also authorised by the CFO as a second approver. Audit notes of changes made are produced via Neo People once the changes have been authorised and these should be retained on the employees' personnel file. Changes should also be recorded on the School Information Management System (SIMS).

After the payroll has been processed, but before payroll is finalised, salary payments by individual,

showing the amount payable in total, are available to the academy. The office administrator with payroll responsibility must review the report and follow up any discrepancies with the payroll provider, in line with the payroll provider's deadline, to ensure errors are rectified ahead of payment. Payroll variation reports should be reviewed by the Head Teacher and signed to evidence review and authorisation.

Staff claims for overtime must be checked in line with the MAT HR overtime policy and approved by the Head Teacher. Claims for overtime, casual claims and supply claims will be entered by the staff member on the Employer Self Service Portal on Neo People. This will then go to the Head Teacher for approval in the system. All employees should be made aware of the monthly cut off dates, by their line manager, and it is the individual's responsibility to ensure claims are submitted, with adequate time for review, prior to the monthly cut-off date.

### **8.3 Payments**

All salary payments are made by BACS.

If review of the reports and checks detailed in 8.2 identify any errors, these need to be communicated promptly to the payroll provider and changes made as required in line with the published cut off dates. As Neo People is a live system, these changes can be checked for accuracy prior to pay day, by viewing the individual's pay slip in the system. Each academy should ensure payroll accuracy by reviewing reports and any subsequent changes, prior to salaries being paid. The payroll report needs to be authorised by the Head Teacher and sent to the MAT Central Team who will review the variations as part of their monthly management accounts process.

The payroll provider calculates the deductions due from salaries to comply with current legislation. The major deductions are for tax, national insurance contributions and pensions. The monthly amounts payable for salaries and all deductions are paid by BACS by the due date.

After the payroll has been processed the nominal ledger will be updated. Postings will be made to the relevant nominal accounts, by the MAT central finance team. Payroll accounts will be reviewed for accuracy as part of the month end management accounts process.

## **9. Purchasing**

The majority of purchases made in the trust will be paid for with public funds and the Trust will maintain the integrity of these funds by following the general principles of:

- Value for Money by achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of resources.
- Spending has been for the purpose intended and there is propriety in the use of public funds including in relation to any actual or perceived conflicts of interest
- The internal delegation limits as stipulated in the Scheme of Delegation are applied
- A competitive procurement procedure is in place and procurement law and thresholds are observed
- Professional advice is obtained where appropriate

### **9.1 Ordering**

Purchase orders should be raised (through Access Finance) for all goods and services with the exception of direct debits and credit card purchases. Each purchase order raised in the system will have a unique order number.

Orders should be approved in line with the thresholds detailed in the Scheme of Delegation. The approver of the purchase order should be provided with sufficient supporting documentation so they can be satisfied that the goods or services ordered are appropriate, required and quotations or tenders have been obtained as necessary, as outlined in the Scheme of Delegation. The person responsible for finance at each academy should check to ensure adequate budgetary provision exists before the order is passed to the approver. Where budgetary provision does not exist, the procedures and approval thresholds outlined in the Scheme of Delegation must be followed.

When an order is placed, the cost is committed against the appropriate budget allocation so that it features in subsequent budget monitoring.

## 9.2 Delivery

All goods in should be managed by the administration team to ensure goods received match goods ordered and that all paperwork and delivery notes are held with the original order. The team must unpack the goods and sign the delivery note. If budget holders receive the goods, the administration team must ensure the delivery notes are checked and that the order holds evidence of delivery.

If any goods are rejected or returned to the supplier because they are not as ordered, or are of sub-standard quality, the administration team should return the goods, inform the supplier and keep a record of all goods returned to suppliers.

## 9.3 Purchase Invoices

The person responsible for finance in each academy should check invoices received for the following:

- Where applicable, that an authorised purchase order is in place
- Validation of the goods or services as received, as in section 9.2
- Validation of the constituent parts of the invoice – price, quantity, charge etc
- VAT treatment is correct

Once checks are complete, the invoice should be passed to the Head Teacher for approval, who should sign the invoice to evidence authorisation.

The invoice should be posted to the purchase ledger in Access Finance, using the correct nominal code, with full description, including purchase order number, invoice number and ensuring correct VAT treatment. A PDF copy of the signed invoice should be attached to the posting in the system for a complete audit trail.

## 9.4 Invoice Payment

All invoices that require payment are processed through Access Finance. The person in each academy responsible for finance will generate the BACs run in the system and print a BACs run report for approval and signature by the Head Teacher. The academy will load the BACS run on to Lloyds for approval and send the supporting documentation and Head Teacher approval to the MAT Central finance team. Payments are then authorised by the MAT Central team in accordance with the Bank Mandate.

## 9.5 Credit Cards

As detailed in section 6.5 credit cards are issued to Head Teachers and Office Managers for the purposes of paying for goods and services when the normal ordering processes are not possible, in particular on-line purchasing.

Use of the card:

- The card must **never** be used to make cash withdrawals
- The card must **never** be used for personal use
- The card should **never** be used as a result of poor purchasing planning by the academy e.g. needing items at short notice because of poor stock control.

When the card is used the user should obtain and retain evidence to support the expenditure incurred i.e. receipts, invoices, delivery notes etc. These must be handed to the person in the academy responsible for finance.

Full payment of Credit Cards will be made via Direct Debit. Lloyds Bank will submit monthly statements, which will be reconciled against receipts. Once reconciled, the charges will be promptly posted to Access Finance. The monthly statement will be signed by the Head Teacher and a copy will be sent to the MAT Central Finance team. Copies of the statements, with evidence of expenditure should be retained with the financial records.

## 9.6 Employee Expenses

All expense claims should be supported by a VAT receipt. Receipts should be attached to an expense claim form, which must be approved and signed by the Head Teacher. All expenses are subject to the order and approval rules set out earlier in this document.

Travel expenses are paid through payroll and other expenses are paid via BACS. Non-travel expenses paid via BACS, should be processed in Access by the person responsible for finance in the same way as invoices. The authorised expense form and supporting receipts must be attached to the transaction in Access prior to BACs approval.

All expense claims must be in accordance with the MAT Expenses Policy.

## 9.7 Medium value purchases

All orders for goods and services are subject to the rules concerning quotes and tenders as specified in the MAT's Scheme of Delegation and all purchasing decisions should be made using the general principles outlined at the beginning of this section.

For any spend over £5,000, a minimum of 3 quotes are required.

All goods or services ordered with a value greater than £25,000 or for a series of contracts which in total exceed £25,000 must receive MAT Trust Board approval.

## 9.8 High value purchases

High value purchases are likely to be MAT wide contracts and will be managed by the MAT Central Team.

### Procurement under the Public Contracts Regulations (PCR) thresholds

For all goods or services ordered with a value greater than £40,000 or for a series of contracts which in total exceed £40,000, but under the PCR threshold, the MAT will advertise the contract and run a buying process. Where possible, procurement for high value goods or services should be completed through a framework agreement operated by a public body, preferably a DfE approved framework. If this route is not viable, the Trust must undertake tendering procedures. Where necessary, specialist support should be sought to assist with the process. Further details on the tendering process are set out in Appendix 1.

### Procurement over the Public Contracts Regulations (PCR) thresholds

The current (February 2024) thresholds, as stipulated by the Public Contracts Regulations 2015 are:

- Goods - £214,904
- Services - £214,904
- Works - £5,372,609
- Light touch contract - £663,540

From October 2024, new regulations under the Procurement Act 2023 are applicable.

For procurement above the PCR thresholds, the Trust must

- Use a Framework
- Run a fully compliant Public Contracts Regulations 2015 procurement process.

Specialist support must be sought by the Trust to assist with procurement over the PCR thresholds.

## 10. VAT

The Academy Trust is not registered for VAT as it does not generate sufficient income from business activity to justify this status. This will be kept under review by the Chief Financial Officer in order to ensure that the Trust is operating its processes in line with the relevant VAT guidance from the HMRC.

The Trust is permitted to claim back input VAT charged through the VAT 126 form. The MAT Central finance team will make the claim for VAT monthly under this process and ensure that this is transferred as appropriate to the bank account of the relevant academy.

The MAT Central finance team will keep appropriate records and reconciliations (sourced from the accounting system) in order to ensure that upon inspection the validity of these VAT claims can be verified.

## 11. Reporting to the DfE / ESFA

The MAT is required to submit a number of financial reports to the ESFA in relation to academy funding, finance and compliance with their funding agreement.

The requirements of the reporting to the ESFA change annually and are documented in the latest version of the Academy Trust Handbook.

It is the responsibility of the CFO and the Accounting Officer to make themselves aware of all ESFA reporting deadlines and to ensure all submissions are made ahead of the required deadlines. The completion of the different reporting requirements can be delegated, within the MAT Central Finance team, but it is the responsibility of the CFO and Accounting Officer to ensure the reporting is accurate and in line with the records held in the underlying accounting systems.

## 12. External Audit of Annual Accounts

The MAT must prepare an annual report and accounts in line with the Charity Commission's Statement of Recommended Practice (SORP) and ESFA's Accounts Direction. Financial Statements are prepared to the year ending 31st August.

The MAT Members must appoint an external auditor to give an opinion on whether their annual accounts present a true and fair view of the Trust's financial performance and position. In accordance with the Academy Trust Handbook, the Trust should retender their external audit contract at least every 5 years. The audit contract was retendered for the audit of the financial statements for the year ending 31<sup>st</sup> August 2023 and Ormerod Rutter were appointed.

Deadlines for the accounts for the year ending 31st August 2024 were as follows:

- Audited accounts submitted to the ESFA by 31st December
- Audited accounts are published on the Trust's website as soon as possible after approval and by 31st January 2025 at the latest
- Submission of the ESFA Accounts Return online form by 28th January 2025
- File the audited financial statements with Companies House within 9 months of the end of the accounting period, being the 31 May 2025.

## 13. Internal Scrutiny

The Trust uses an external service provider to perform their internal scrutiny service. In line with the requirements of the Academy Trust Handbook, an annual programme of internal scrutiny will be organized that is linked to the Trust's Risk register. Internal scrutiny is to provide independent assurance to the Board that its financial and non-financial controls and risk management procedures are operating effectively.

The oversight is carried out by the Audit and Risk Committee and extends to financial and non-financial controls. The committee is responsible for approving the internal scrutiny audits to be carried out in the year and the scope of the work to be performed. The internal scrutiny reports will be made available to all MAT Board Directors on completion.

The Trust will confirm in its governance statement, accompanying its annual accounts, which of the internal scrutiny options it has applied and why. The outcome of the work will inform the accounting officer's statement of regularity in the annual accounts.

The CFO will be responsible for ensuring that an annual assurance report is provided to the Audit and Risk Committee showing how internal scrutiny has been delivered to the Trust and that this is submitted to the ESFA by 31 December each year.

# Appendix 1 - Tendering

## 1. Forms of Tender

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 MAT Central Team will decide how best to advertise for suppliers.
- **Restricted Tender** - Suppliers are specifically invited to tender. This is appropriate if there is a need to maintain a balance between the contract value and admin costs; only specific suppliers can be expected to meet requirements or the costs of an open tender are likely to outweigh the benefits.
- **Negotiated Tender** - Terms are negotiated with one or more chosen suppliers. This is appropriate where the above methods have resulted in no acceptable responses, only very few suppliers are available, extreme urgency exists or additional deliveries by an existing supplier are justified.

The MAT will usually invite specific suppliers to tender (restricted tenders) or negotiate tenders with specific suppliers where only one or very few suppliers are available or extreme urgency exists.

## 2. Preparation for Tender

Prior to the tender full consideration should be given to:

- the objective of project;
- the overall requirements;
- any technical skills required;
- after sales service requirements; and
- the form of contract.

It may be useful after all requirements have been established to rank requirements (e.g., mandatory, desirable and additional). The Trust should detail the applicable scoring criteria and weightings for those criteria to reflect their relative importance.

## 3. Invitation to Tender

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

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender; and
- form of response.

## 4. Aspects to consider

### 4.1 Financial

Care should be taken to ensure the price is in line with the quality of service provided and the tender price is the total price and that there are no hidden or extra costs. Scope for negotiation should be considered.

## **4.2 Technical/Suitability**

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from other customers

## **4.3 Other considerations**

- Request a pre-sales demonstration, if appropriate
- Check the availability and quality of the after sales service
- Seek assurance from the supplier as to the level of current orders they are working to fulfil, or pace of growth if a service, to ensure adequate resource
- Warranties or employers liability insurance

## **5. Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders should be clearly marked that they are tenders and should be stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted, except in exceptional circumstances.

## **6. Tender Opening Procedures**

All tenders submitted should be opened at the same time and the tender details should be recorded. At least two people should be present for the opening of tenders. A separate record should be established to record the names of firms submitting tenders and amount tendered.

## **7. Tendering Evaluation Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process. Where specific expertise is required in evaluating a tender this responsibility may be contracted to an external provider e.g. architect or insurance specialist. Those involved in making a decision must not accept gifts or hospitality from potential suppliers which could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and for contracts over £40,000 a report should be prepared for the MAT Trust Board highlighting the relevant issues and recommending a decision.

Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender. The accepted tender should be the one that is economically most advantageous to the Trust. All parties should then be informed of the decision.