

Financial Policy and Procedures Including Scheme of Financial Delegation

Omega Multi Academy Trust



Prepared in draft by Allan Keating	
Policy Approved By OMAT Trust Board	04/12/2017
Review date	30/09/2018

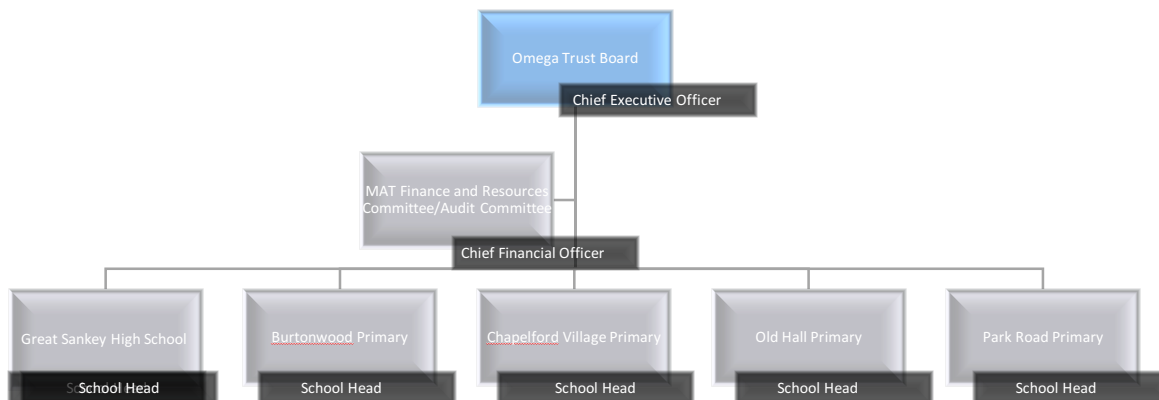
Contents:		
1	Introduction	
2	Organisation of Responsibility and Accountability	
3	Accounting System	
4	Financial Planning	
5	Payroll	
6	Purchasing	
7	Income	
8	Cash Management	
9	Fixed Assets & Capital Planning	
10	Scheme of Delegation Summary	

1 Introduction

- 1.1** The purpose of this Policy is to ensure that Omega Multi Academy Trust (the Trust) maintains and develops systems of financial control which conforms to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DFE).
- 1.2** The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook published by the Education Funding Agency. This Policy expands on this handbook and provides detailed information on the Trust’s accounting procedures and system manual. It should be read by all staff involved with financial systems.
- 1.3** The following will be indicators to the Board of Directors and staff that this policy is being implemented successfully:
- (I) No inappropriate use of money
 - (II) Adherence to budgets
 - (III) Best value expenditure targeted on key priority areas
 - (IV) Up to date and accurate records
- 1.4** This document does not replace or change any obligations placed upon the Trust or its directors by law or by regulations issued by the Department for Education, Education Funding Agency, Charity Commissions, Customs and Excise and other statutory bodies.

2 Organisation of Responsibility and Accountability

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



The Board of Directors of the Multi Academy Trust

- 2.2** The Board of Directors is required to conduct its business in accordance with the following:
- (I) Its Articles of Association and company law
 - (II) The requirements of the Department for Education (DFE) as set out in the Funding Agreement and in the Academies Financial Handbook

- (III) The requirements of the Charity Commission including the production of accounts in accordance with the Statement of Recommended Practice (SORP)

2.3 The Board of Directors of the Multi Academy Trust have overall responsibility for the administration of the Trust's finances. The main responsibilities of the directors are prescribed in the Funding Agreements between the individual schools within the Trust and the DFE and in the Trust's scheme of government, these include:

- (I) Agree the long term financial objectives of the Trust
- (II) Responsibility for the proper stewardship of public funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money
- (iii) Appointment of the Accounting Officer for the Trust (Chief Executive Officer)
- (iv) Appointment of Auditors and ensure the audit of both public and non-public funds
- (v) Appointment of the Chief Executive Officer
- (vi) Appointment of the Chief Financial Officer, in conjunction with the Chief Executive Officer or School Head
- (VII) Contribute to the Development plans of the Trust and its priorities over at least 3 years
- (Viii) Approval of the annual budget and any material change to it
- (ix) Approval of the staffing structure, which should be regularly reviewed as part of Trust Development Plans.
- (x) Agree and review levels of delegation within the Trust to ensure the Board of Directors can meet its obligations
- (Xi) Receive and respond to regular periodic audit reports on the effectiveness of internal controls
- (Xii) Receive regular reports on expenditure against budget
- (Xiii) To determine and review policies on charges and remissions
- (Xiv) To monitor Health and Safety, including security of the Trust's estate and child protection arrangements
- XV) To keep under review and monitor and evaluate those policies and documents that the Trust is required to have in place (DFE provide guidance on mandatory and recommended policies and procedures)

Chief Executive Officer

2.4 The Chief Executive Officer will act as the Accounting Officer, as defined in the Academies Financial Handbook. They will ensure that:

- (i) All items of income and expenditure within the Trust are dealt with in accordance with legislation, the funding agreement and other DFE guidance and the Trusts own internal procedures (**regularity**)
- (ii) Income and expenditure within the Trust are dealt with in accordance with Parliament's intentions (**propriety**)
- (iii) The best possible educational outcomes are achieved within the Trust through economic, efficient and effective use of all resources (**value for money**)

The Accounting Officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to EFA with the audited accounts. The Accounting Officer must also demonstrate how the trust has secured value for money via the governance statement in the audited accounts.

The Chief Executive Officer will be assisted in the delivery of the trust's detailed accounting processes by the Chief Financial Officer.

- 2.5** Within the framework of the Trust development plan as approved by the Board of Directors, the Chief Executive Officer has overall executive responsibility for the Trust's activities including financial activities. They are responsible for:
- (i) Ensuring staff appointments delegated to the Local Governing Bodies are within the authorised establishment
 - (ii) Authorising orders and the award of contracts within the approval limits of the scheme of delegation
 - (iii) Authorising payments within the approval limits of the scheme of delegation
 - (iv) Ensuring procedures are in place so that all sources of finance are accounted for and that book keeping and other records held are fit for purpose
 - (v) To ensure statutory requirements are met, for example regulations relating to HMRC (VAT and rules relating to employers)
 - (vi) Monitoring the regular budget reports with the Chief Financial Officer and acting upon overspends or risks
- 2.6** The Chief Executive Officer shall have authority to expend resources from within the budget approved by the Board of Directors provided that such expenditure does not:
- (i) Involve a change in or extension to the Board of Directors' existing policies and/or service objectives
 - (ii) Involve an increase in expenditure in future years
 - (iii) Conflict with any limits/controls over income and expenditure specified by the Board of Directors
 - (iv) Involve a commitment that cannot reasonably be expected to be sustained from future budgets.

The Finance, Audit and Risk Committee

- 2.7** The Finance Audit and Risk Committee is a committee with members from the Board of Directors, the Director of Finance (ex-officio) and the Chief Executive Officer (ex-officio). The Finance Audit and Risk Committee meets at least once a term but more frequent meetings can be arranged if necessary.
- (i) The initial review and recommendation of the annual budget to the Board
 - (ii) The regular monitoring of actual expenditure and income against budget
 - (iii) Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DFE guidance issued to academies
 - (iv) Authorising orders and the award of contracts within the approval limits shown in the appendix
 - (iv) Authorising changes to the Academy personnel establishment in conjunction with the Local Governing Body
- 2.8** The Committees Audit role is to advise the Trust on the comprehensiveness and effectiveness of the Trust's assurance framework. In particular, the Audit Committee advises and supports the Trust in fulfilling its roles and responsibilities, including its responsibility for providing the assurances required in the Statement of Corporate Governance and Internal Control in the annual accounts.

The committee's work focuses on providing assurances to the board of trustees that all risks are being adequately identified and managed with particular regard to:

- (i) Reviewing the risks to internal financial control at the trust
- (ii) Agreeing a programme of work to address, and provide assurance on, those risks

Omega Multi Academy Trust has Multi Academy Trust status and as such the Audit Committee's oversight extends to the financial controls and risks at constituent Schools.

Chief Financial Officer

2.9 Chief Financial Officer is appointed by the trust's board; whilst having responsibilities across the MAT they will also act as School Business Manager in Great Sankey High School within the trust. The Chief Financial Officer should play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts.

The Chief Financial Officer will act within the delegated authority given to the Chief Executive Officer. Their role will cover the following areas:

- (i) Financial planning, monitoring and reporting - The Trust must prepare and monitor financial plans to ensure ongoing financial health; this includes budgeting, cash management, investments, income generation and financial reporting
- (ii) Internal control - The Trust must have in place sound internal control, risk management and assurance processes.
- (iii) Internal scrutiny - The Trust must have in place a process for checking its financial systems, controls, transactions and risks.
- (iv) Transparency - The Trust must be transparent with its governance and financial arrangements.

2.10 The Chief Financial Officer works in close collaboration with the Chief Executive Officer through whom he or she is responsible to the Board. The Chief Financial Officer also has direct access to the directors of the trust.

The main responsibilities of the Chief Financial Officer are provided below. Each School within the Trust has its own School Business Manager who will have delegated authority to ensure these areas of responsibility are managed at school level:

- (i) The day to day management of financial issues including the establishment and operation of a suitable accounting system
- (ii) The management of the Trusts financial position at a strategic and operational level within the framework for financial control determined by the directors of the trust and Chief Executive Officer
- (iii) The maintenance of effective systems of internal control
- (iv) Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy
- (vi) The preparation of monthly management accounts
- (vii) Authorising orders and contracts within the approval limits of the scheme of delegation
- (viii) Authorising payments within the approval limits of the scheme of delegation
- (ix) Ensuring forms and returns are sent to the DFE, Charity Commission, Pension Scheme Administrators and others in line with guidance.

Local Governing Body

2.11 The Scheme of Delegation approved by the Board of Directors provides the Local Governing Bodies of each School have responsibility and accountability:

- (i) To contribute to the Development Plans and its priorities and propose an annual budget which reflects these priorities;
- (ii) To monitor the income and expenditure of public funds and report the financial situation;

- (iii) To monitor and receive reports on the internal controls within the school to ensure the proper stewardship of all funds, ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money
- (iv) To fully cooperate in any Internal or External audits whether these be of a non -statutory and/or statutory nature as directed by the Board and or Statutory Authorities.
- (v) To monitor the school spending as the year progresses;
- (vi) To review the staffing structure whenever a vacancy occurs and at least annually in relation to Development Plans.
- (vii) To make arrangements for staff disciplinary/conduct hearings;
- (viii) To make arrangements for the performance of the Head annually and receive reports on the progress of the Performance Management Policy;
- (ix) To participate in appointments panels and ensure that the school recruits the best possible staff.
- (x) To keep under review and monitor and evaluate those policies and documents that the school is required to have in place (DFE provide guidance on mandatory and recommended policies and procedures)

The School Headteacher

2.12 Within the framework of the school development plan as approved by the governing body the Head has overall executive responsibility for the School’s activities including financial activities. Much of the financial responsibility has been delegated to the Chief Financial Officer but the Head still retains responsibility for:

- (i) Approving new staff appointments within the authorised establishment, except for any senior staff posts which the Local Governing body and or the Omega Trust Board of Directors have agreed should be approved by them;
- (ii) Authorising orders and the award of contracts within the approval limits of the scheme of delegation
- (iii) Authorising expenditures within the approval limits of the scheme of delegation
- (iv) Ensuring procedures are in place so that all sources of finance are accounted for and that book keeping and other records held in the school are fit for purpose
- (v) Ensure that school budget holders act within the authority provided to them in the scheme of delegation
- (vi) Monitoring the regular budget reports with the Chief Financial Officer and acting upon overspends or risks

Other Staff

2.13 Other members of staff, including school finance officers, administration assistants and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. **All staff** are responsible for the security of the Trust’s property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with Trust procedures.

Register of Business Interests

2.14 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trust directors, governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.

- 2.15** The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.
- 2.16** The existence of a register of business interests does not, of course, detract from the duties of directors, governors and staff to declare interests whenever they are relevant to matters being discussed by the board of directors or a committee. Where an interest has been declared, directors, governors and staff should not attend that part of any committee or other meeting.

3. Accounting system

All the financial transactions of the Trust must be recorded on the Trust's accounting system. The accounting system currently used by the Trust is Access Dimensions. Access Dimensions is currently server based.

- 3.1** All computing facilities that are used for financial management and administration arrangements must:
- (i) Conform to the requirements of Data Protection legislation from time to time in force;
 - (ii) Secure the accuracy and integrity of all financial data relating to all Trust Schools.

In particular, such arrangements should make proper provision for:-

- (i) The physical security of computer equipment and software;
 - (ii) The restriction of access to the means of processing or reading data to authorised personnel only;
 - (iii) Procedures for the control of input and output;
 - (iv) Procedures for the reliable reconstruction of records in the event of system failure (system back-up);
 - (v) Procedures for the processing of data by alternative means in the event of other than temporary breakdown.
- 3.2** The Trust uses computers to process and record financial and other management data including pupil and staff records. These records are registered with the Information Commissioner's Office under the Data Protection Act 1998.
- 3.3** Security of the computer is controlled through strict observation to password security and frequent changes of passwords.
- 3.4** For additional security, during and at the end of each working day, or as appropriate, a back-up of data is taken and stored safely.

Transaction Processing

- 3.5** All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All journal transfers must be recorded in the journal book and authorised by the School Business Manager, Finance Manager or Chief Financial Officer prior to being input to the accounting system. Bank transactions input by the others should be checked and signed by the Finance Manager or Chief Financial Officer.
- 3.6** Detailed information on the operation of the Trust's financial system can be found in the on screen help within the Software and the user manuals provided.
- 3.7** **Transaction Reports**

The Finance Officer/School Business Manager/Finance Manager (at School level) and Chief Financial Officer (at MAT level) will obtain and review system reports to ensure that all transactions are posted correctly to the accounting system.

The reports reviewed will include:

- (i) Audit trail reports
- (ii) Monthly payroll journal postings
- (iii) Bank Reconciliation report
- (iv) Management accounts summarising expenditure and income against budget
- (v) Balance Sheet
- (vi) Cashflow
- (vii) Purchase Ledger and Sales Ledger Reports including Aged Creditor and Debtor reports
- (viii) Fixed Asset reports

Reconciliations

3.8 The Finance Manager and Chief Financial Officer are responsible for ensuring the following are reconciled and authorised each month:-

- (i) Sales ledger control account
- (ii) Purchase ledger control account
- (iii) Suspense accounts
- (vi) Bank balances per the cash book to the bank statements.

3.9 Any unusual or long outstanding reconciling items must be brought to the attention of the Accounting Officer, who will review and sign all reconciliations as evidence of review.

4. Financial planning

4.1 The Trust and the individual Schools within the trust prepare both medium term and short-term financial plans.

4.2 The medium term financial plan is prepared as part of the development planning process. The Strategic Plan indicates how the Trust/School's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

4.3 The Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust/Academy and the planned use of those resources for the following year.

4.4 The development planning process and the budgetary process are described in more below.

Development Plan

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

- 4.6** The form and content of the Development Plan will be proposed by the Chief Executive Officer /Head and agreed by the Board giving due regard to the matters included within the guidance to Academies and any annual guidance issued by the DFE.
- 4.7** Each year the Head will propose a planning cycle and timetable to the governing body which allows for:
- (i) A review of past activities, aims and objectives - “did we get it right?”
 - (ii) Definition or redefinition of aims and objectives – “are the aims still relevant?”
 - (iii) Development of the plan and associated budgets – “how do we go forward?”
 - (iv) Implementation, monitoring and review of the plan – “who needs to do what by when to make the plan work and keep it on course”
 - (v) Feedback into the next planning cycle – “what worked successfully and how can we improve?”
- 4.8** The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Head.
- 4.9** The completed Development Plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.
- 4.10** For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the Head on a quarterly basis. The Head will report to the Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

- 4.11** The Chief Financial Officer is responsible for preparing and obtaining approval for the annual budget from the Trust Board. The approved budget must be submitted to the EFA each year as advised by them and 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.
- 4.12** The Chief Financial Officer will work with the Chief Executive Officer, the Heads, School Business Managers, Finance Manager and Finance Officers in developing the budget, with further guidance being provided by the Trust Board and Local Governing Bodies.
- 4.13** 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.
- 4.14** The budgetary planning process will incorporate the following elements:
- (i) Forecasts of the likely number of pupils to estimate the amount of DFE grant receivable
 - (ii) Review of other income sources available to the Trust/Academies to assess likely level of receipts
 - (iii) Review of past performance against budgets to promote an understanding of the Trust cost base
 - (iv) Identification of potential efficiency savings
 - (vi) Review of the 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.

Balancing the Budget

(N.B. This means Income less expenditure, including a central services recharge for MAT services for each school, but excluding depreciation).

Deficits

- 4.15 In any given year it is not permissible for an individual School to prepare and plan for a deficit budget without approval from the Trust Board. The Trust Board will require a plan which addresses this deficit the outcome of which results in the deficit position being rectified in the following academic year and or unless otherwise specified by the Trust Board.
- 4.16 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.

Surpluses

- 4.17 If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. As far as is possible this would be ring-fenced to the individual School generating the surplus but this would be subject to further scrutiny by the Trust Board after taking into consideration the respective surpluses and deficit positions of each School within the MAT.

Finalising the Budget

- 4.18 Once the different options and scenarios have been considered, a draft budget should be prepared by the School Business Managers or equivalent (at Primary School level) and the Chief Financial Officer (at High School/MAT level) for agreement by the Heads, Chief Executive Officer and The Finance Audit and Risk Committee; and approval by the Board of Directors. The Chief Financial Officer is responsible for amalgamating individual school budgets into a single MAT budget. The approved budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 4.19 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action.

Monitoring and Review

- 4.20 Monthly reports will be prepared by the Finance Manager/Finance Officer/School Business Manager (at School level) and Chief Financial Officer (at MAT level). The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Head/Chief Executive Officer and The Finance Audit and Risk Committee.

- 4.21** Any potential overspend against the budget must in the first instance be discussed between the Head and the School Business Manager (Primary School level) and or Chief Financial Officer (High School/MAT level). The Finance Portal system will be implemented so as not to allow payments to be made against an overspent budget without the approval of the School Business Manager (or equivalent a Primary School level) or Chief Financial Officer supported by the Headteacher (s)(Primary/High School level) and or Chief Executive Officer (MAT level)
- 4.20** 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 it may be appropriate to vire money from another budget or contingency. All budget virements must be authorised as shown in the appendix. This allows for School Heads to vire up to £10,000, The Chief Executive Officer to vire up to £20,000 and the MAT Trust’s Board over £20,000.

5. Payroll

Staff Appointments

- 5.1** The Board of Directors and or the Local Governing Body will approve a personnel structure for each School. Changes can only be made to this structure with their approval. They should ensure that adequate budgetary provision exists for any establishment changes.
- 5.2** The Chief Executive Officer and Heads of each School have authority to appoint staff within the authorised structure except for whose appointments that the Board of Directors and or the Local Governing Body have responsibility for.
- 5.3** Chief Executive Officer and Heads of each School maintain personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the School Business Manager (School level) or Chief Financial Officer immediately.

Payroll Administration

- 5.4** The monthly payroll is administered by Warrington Borough Council. The provider will only accept changes to payroll that have been authorised and advised to them by the Chief Executive Officer, Chief Financial Officer, Heads of each School, Finance Manager or School Business Managers.

All staff are paid monthly; a master file is created for each employee which records:

- (i) Salary
- (ii) Bank account details
- (iii) Taxation status
- (iv) Personal details
- (v) Any deductions or allowances payable

- 5.5** New payroll files and contractual changes can only be notified to the payroll provider with the express approval of the Heads. All starters, leavers, contract changes and casual payments must be authorised by the Head prior to the payroll run and; under no circumstance should a person be authorising changes to their own records.
- 5.6** The payroll provider will circulate a timetable at the start of each year which each academy within the Trust follows to ensure payment to staff are made promptly and correctly.

- 5.7 The Finance Manager/ HR Officer/Finance Officer/ School Business Managers must complete staff returns which provide details of sickness and other absences during the month.
- 5.8 Staff who are paid on submission of a time-sheet must complete and return their time-sheet to the Finance Manager/Finance Officer/School Business Managers in accordance with the monthly timetable. Failure to do this may result in non-payment of salary by the Trust in the month concerned, and in these circumstances, the salary payment may not be paid until the next payroll run in the following month.
- 5.9 Admin/Finance Officers collate the information first. The Heads check and authorise each timesheet first before processing. The Segregation of duties ensures any claim entered has to be authorised by another party (either the Head of Department or SBM) prior to authorisation by the Head.
- 5.10 Before the payroll is processed the file should be checked against source documentation. If this is undertaken by a Finance Officer it should be reviewed by the Finance Manager/School Business Manager, but if it is undertaken by the School Business Manager then it should be reviewed by the Head. For accounting purposes the Final Payroll journal is processed at MAT level with the individual Schools undertaking checks of their initial and final payroll reports on a monthly basis.

Payments

- 5.11 Once monthly staff returns have been passed to the payroll provider, they calculate the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.
- 5.12 The payroll provider will provide details of calculated payments to the Trust.
- 5.13 Salary payments are made by BACS, or by cheque if staff bank details are not available (the latter is in exceptional circumstances).
- 5.14 After the payroll has been processed and submitted by the Finance Manager/Business Managers/Finance Officers at School Level upon receipt of the relevant reports the Finance Manager will update the nominal (General Ledger) and reconcile the payroll control accounts. The Chief Financial Officer will review the payroll control account and individual cost centres to ensure amounts have been correctly posted.

6. Purchasing

- 6.1 The Trust wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they 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 Trust is publicly accountable for its expenditure and the conduct of its affairs;

Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

Upon incorporation each School will have its own “approved suppliers”. If value for money is to be achieved consolidation of some suppliers will be required. When contracts become renewable those with an annual contact value exceeding £10,000 need to be approved by the Trust Board.

Approved Suppliers

- 6.2** For orders up to £1,000 staff should use suppliers which the Trust has approved and have an account with. Where this is not possible, budget holders may request an order from suppliers who they believe provide best value, subject to prior agreement being sought from the Head. All orders should be placed by an approved officer within each school.
- 6.3** For orders over £1,000 and up to £10,000 budget holders should use suppliers which the Trust has approved and have an account with.
- 6.4** Where this is not possible three quotes should be obtained, with the preferred supplier authorised by the Chief Executive Officer or Head. The Chief Financial Officer/Finance Manager/Finance Officer/ School Business Manager can advise budget holders of approved suppliers and will provide support in obtaining quotes.
- 6.5** ***N.B. For audit purposes telephone quotes are acceptable if these are evidenced later, and email or faxed confirmation of quotes has been received before a purchase decision is made.***
- 6.6** The Chief Executive Officer/Head will sign orders for goods between these values, unless the value exceeds £10,000, in which case the Trust's Board /Finance Audit and Risk Committee approval is required
- 6.7** For orders over £25,000 and over, formal tender process is required.
- 6.8** Formal tendering procedures will not be required if using purchasing consortia framework agreements but if there is more than one supplier within the framework agreement it is best practice to secure up to three quotations.
- 6.9** The tendering procedures are subject to EU procurement regulations for all forms of procurement with a total value exceeding a threshold value. The threshold values from 1 January 2016 are £164,176 excluding VAT for supplies and or services, and £4,104,394 for works. A breach of these regulations is actionable by a supplier or potential supplier. Please note supplies and services procured through one of the Purchasing Consortia framework agreements detailed below may already comply with EU procurement regulations. Staff should check with the Chief Financial Officer for further advice and guidance.

Value for Money

- 6.10** The Trust's procurement strategy is to use, whenever possible, purchasing framework agreements accessible by the Trust through its membership of the Crescent Purchasing Consortia (CPC). If a supply of goods and or service is not available through the CPC the Trust will seek to procure through the Crown Commercial Service framework agreements. Usage of the latter offers the Trust access to Central Government agreements. Usage of these framework agreements present the opportunity for the Trust to achieve significant savings and secure advantages which would not be otherwise achievable.

Further Details about these consortia framework agreements can be obtained from the Trust's Chief Financial Officer.

Further guidance on the Form of Tenders is provided below.

Routine Purchasing

- 6.11** The Trust supports the operation of budget holders, they will be informed of the budget available to them at the commencement of each academic year. Budget holders will be provided each month with electronic details of actual expenditure and known commitments against budget via the MAT Finance Portal. Budget

holders should review this and advise the School Business Manager/Finance Manager immediately of any concerns or missing commitments.

- 6.12** It is the responsibility of the School Budget Holder/Business Managers/Finance Manager/Chief financial Officer to ensure budget holder's manage their budget and ensure that funds available are not overspent. The Finance Portal provides budget holders with a real time information and a means whereby the incurrence of further expenditure is prevented at the point of request.
- 6.13** In the first instance a supplier should be chosen from the list of approved suppliers advised by the finance / admin officer/School Business Manager/Finance Manager. A quote or price must always be obtained before any order is placed. 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 the Finance Officer/School Business Manager/Finance Manager or Head in accordance with the scheme of delegation.
- 6.14** All purchase requests must be prepared and processed through the MAT Finance Portal electronic system. Purchase Orders will only be processed once they have been approved in accordance with the scheme of delegation which is in built within the system. Purchasing not undertaken via this method with the exception of petty cash items/credit card transactions is not permitted.
- 6.15** Orders will be approved and sent electronically via the Finance Portal as set out in the financial scheme of delegation (**see section 10**) and may be subject to a competitive tender process.
- 6.16** The Finance Officers/School Business Manager/Finance Manager must make appropriate arrangements for the delivery of goods to the School. On receipt the Finance Officer, must undertake a detailed check of the goods received against the goods received note and make a record of any discrepancies between the goods delivered and the goods received note. Discrepancies should be discussed with the supplier without delay. Goods received should be recorded on PSF.
- 6.17** If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality the Finance Office must be notified by the person who ordered the goods and discuss options for replacement goods.
- 6.18** All invoices should be sent to the Finance Office located at Great Sankey High School. The Invoice will be matched against the order, and then recorded by the Finance Officer in the purchase ledger against the appropriate ledger code. Budget holders, or those employees who have placed an order, will be requested to authorise all invoices unless the invoice matches the order and goods received notice, in which case further authorisation is not required.
- 6.19** The Finance Office/Administration Office within each School will pursue all queries with suppliers and provide periodic updates to the person who ordered the goods. If a Budget Holder has ordered goods and are pursuing a query on behalf of the Finance Office/Administration Office they will provide periodic updates to the Finance Office/Administration Office.
- 6.20** Normally suppliers are paid within 30 days of the invoice date from the Finance Office located at Great Sankey High School. On a weekly basis the Finance Officers will generate a BACS/cheque run for invoices that are due payment that week. The payment runs and the associated paperwork are then signed authorised by the Chief Executive Officer and Chief Financial Officer and the Chief Financial Officer authorises BACS payments via online banking. The BACs process itself is a three stage process involving Finance Officer, Finance Manager and Chief Financial Officer to ensure the segregation of duties.

Forms of Tenders

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

Open Tender: This is where all potential suppliers are invited to tender. The person responsible for requesting the work, after agreement with the Head, must discuss and agree with the School Business Manager how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender: This is where suppliers are specifically invited to tend. Restricted tenders may be appropriate where:

- (i) There is a need to maintain a balance between the contract value and administrative costs,
- (ii) 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,
- (iii) The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This may be appropriate in specific circumstances:

- (i) The above methods have resulted in either no or unacceptable tenders,
- (ii) Only one or very few suppliers are available,
- (iii) Extreme urgency exists,
- (iv) Additional deliveries by the existing supplier are justified.

6.22 The Chief Financial Officer for the Trust will assist with all Forms of Tender.

7.0 Income

7.1 The main sources of income for the Trust are the grants from the Education Funding Agency (EFA). The receipt of these sums is monitored directly by the Chief Financial Officer who is responsible for ensuring that all grants due to the Academy are collected.

7.2 The Trust may also obtain income from the following:

- (i) School trips, catering or music tuition in relation to students
- (ii) Wrap Around Care – Parental contributions for morning and afternoon care
- (iii) Early Years Provision – Parental contributions and a grant payment from the Local Authority
- (iv) Lettings & Hire Charges – From wider community
- (v) Consultancy services provided to other academies and schools

Invoices

7.3 Invoices should be raised by the Finance Manager or Finance Officers where the School provides a service, the standard terms for payment is within 30 days, unless it is a condition of the service that payment is received first.

- (i) Parental contributions & donations are normally requested in advance
- (ii) After school clubs should be paid in advance or arrangements should be in place to accept payments by standing order or childcare voucher

- (iii) Early year provision should be paid in advance or arrangements should be in place to accept payments by standing order or childcare voucher
- (iv) All lettings should only be confirmed on receipt of a booking form

Organisations should be instructed to send payment to the Finance Office.

7.4 Should the individual School within the Trust use electronic online payment collection software e.g. Wyse pay, Parentmail, ParentPay this will, negate the need to issue an invoice other than when chasing outstanding debts.

Custody

- 7.5** Official, pre-numbered School receipts should be issued for all cash and cheques received where no other formal documentation exists (this applies to all Schools who either don't have payment collection systems or for whatever reason do not use such systems for a particular transaction(s)). All cash and cheques must be kept safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit.
- 7.6** Monies collected must be banked in their entirety in the appropriate bank account. The Finance Manager and Chief Financial Officer are responsible for preparing monthly bank reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

Bad Debts

- 7.7** All outstanding monies should be pursued by the Finance Manager/Finance Officer/Business Manager if they are outstanding more than 30 days. This should initially be in writing but may be followed up by phone calls or a face to face conversation. Once a debt is outstanding for 60 days the matter should be dealt with by the Chief Financial Officer on accordance with the Trust's policies.
- 7.8** The Chief Financial Officer will consult the Chief Executive Officer and or The School Head regarding any debt arrears and for invoices raised by the Trust, up to the value of £5,000 and propose they should be written off. Debts over £5,000 will require approval of the Board of Directors.

8.0 Cash Management

Bank Accounts

- 8.1** The opening of all accounts must be authorised by the Board of Directors and the bank mandates, showing authorised signatories and transfer arrangements, filed securely. The operation of the Bank Automated Clearing System (BACS) and other means of electronic transfer of funds is subject to the similar control.
- 8.2** The Chief Executive Officer and or in his absence the Chief Financial Officer authorise the transactions off line following the production of a payment listing report which is produced from the accounting software, the Finance Officer inputs via online banking, and the Finance Manager provide the first level of authorisation within the online process via online banking. The Chief Financial Officer authorises the online process via online banking to make the payments.

Deposits

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

- (i) The amount of the deposit and
- (ii) A reference, such as the number of the receipt or the name of the debtor.

Arrangements for deposits made by individual Schools will be agreed between the Chief Financial Officer and the Schools Finance/Business Managers.

Payments and withdrawals

- 8.4** All cheques and other instruments authorising withdrawal from the Trusts bank account must bear the signatures of two authorised signatories and be in accordance with limits set out in the scheme of delegation. This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Academy Trust.
- 8.5** The Trust can make payments using charge cards provided by the bank. Cards should not be used as a routine operation and before they are used procedures for the authorisation of purchases must be adhered to. Staff using charge card should ensure they obtain a VAT invoice.

Administration

- 8.6** The Trust's Finance Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
 - (i) All bank accounts are reconciled to the Trust's cash book
 - (ii) Reconciliations are subject to a monthly review and sign off carried out by the Chief Financial Officer
 - (iii) Adjustments arising are dealt with promptly.

Petty Cash Accounts / Staff Expenses

- 8.7** The Trust does hold a minimal amount of Petty Cash balance for day to day operations. The petty cash float for each School will be agreed by the Chief Executive Officer and Heads of each School.
- 8.8** Where purchase cannot be made using by the issuing a purchase order or using a Trust charge card, out of pocket expenses from staff will be settled via the Trust's Finance Office subject to prior approval for the expenditure having been received from the Chief Executive Officer, Head, Deputy, Chief Financial Officer or School Business Manager in line with the Scheme of Delegation. A Trust Expenses claim form should be submitted at the end of the month, along with the VAT receipts, and will be authorised by the Chief Executive Officer, Head, Deputy, Chief Financial Officer or School Business Manager, in line with the scheme of delegation.
- 8.9** Head of School or Chief Executive Officer out of pocket expenses will be authorised by the Chair of the Trust's Board of Directors. The completed signed form with receipts will be processed by the Finance Officer for inclusion in the next payment run.

Cash Flow Forecasts

- 8.10** Chief Financial Officer is responsible for preparing cash flow forecasts to ensure that the Trust has sufficient funds available to pay for day to day operations. Any concerns should be immediately reported to the Chief Financial Officer.

Investments

- 8.11** Investments must be made only in accordance with written procedures approved by the Board of Directors.
- 8.12** All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

9.0 Fixed assets and Capital Planning

Asset Register

- 9.1** All items purchased with a value over the Trust's capitalisation limit of £1,000.00 must be entered on the asset register. The asset register should include the following information:

- (i) Asset description
- (ii) Asset number
- (iii) Serial number (if available)
- (iv) Date of acquisition
- (v) Asset cost
- (vi) Source of funding (% of original cost funded from DFE grant and % funded from other sources)
- (vii) Expected useful economic life
- (viii) Depreciation
- (ix) Current book value
- (x) Location
- (xi) Person Responsible

The Asset Register helps:

- (i) Ensure that staff take responsibility for the safe custody of assets;
- (ii) Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- (iii) To manage the effective utilisation of assets and to plan for their replacement;
- (iv) Help the external auditors to draw conclusions on the annual accounts and the Academy's financial system and
- (v) Support insurance claims in the event of fire, theft, vandalism or other disasters.

Depreciation

- 9.2** The Trust will depreciate fixed assets in line with recognised accounting standards, Academy best practice and EFA/DFE guidelines.

The Depreciation rules of the Trust are as follows:

Long Leasehold Buildings	50 years
Computers and IT Equipment	3 years
Fixtures, Fittings and Equipment	between 4 and 10 years (dependent upon the nature of the asset)

Any revisions to this policy will be approved by the Board.

Security of Assets

- 9.3** Equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores where assets are maintained.
- 9.4** All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Trust's Finance Audit and Risk Committee.

Disposals

- 9.5** In all cases a Disposal of Equipment Form is completed regardless of book value being above or below £5000 with regards to sale or destruction. Items over £5,000 will need additional approval as set out in the scheme of delegation
- 9.6** Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust may need to ensure licences for software programmes have been legally transferred to a new owner.
- 9.7** The Trust is expected to reinvest the proceeds from all asset sales to be reinvested in the Trust. If the sale proceeds are not reinvested then the Trust may need to repay to the EFA/DFE a proportion of the sale proceeds.
- 9.8** All disposals of land must be agreed in advance with the Secretary of State for Education.

Loan of Assets

- 9.9** Items of Trust property must not be removed from School premises without the authority of the Chief Executive Officer or Head. A record of the loan must be recorded on a loan of equipment form and booked back into the School when it is returned.
- 9.10** The Chief Executive Officer or Head will be asked for a copy of a loan of equipment form, should an item of equipment be missing when a fixed asset audit is undertaken.
- 9.11** 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 Trust's auditors.

Capital Planning

- 9.12** In general terms capital expenditure must be funded from within revenue funding allocations and as such the Trust will operate a bidding process across all of its Schools. This will be included in the Financial Planning process, previously outlined in this document, and must be approved by the Trust Board having received recommendations from the Trust Executive and Finance Audit and Risk Committee.

9.13 Devolved Capital Formula

The Trust will receive an allocation of Devolved Capital monies which can be used to fund revenue and or capital expenditure. The Trust Board will approve usage of this funds in conjunction with the bidding process outlined in paragraph 9.12.

10. Summary of Scheme of Delegation – Omega MAT

	Trust			School		
Activity	Trust Board	Chief Executive Officer	Chief Financial Officer/Finance Manager	Local Governing Body	Head of School	School Business Manager
Authorisation of Orders / Awarding Contracts / Authorisation on Non-Purchase Order Invoices						
Up to £1,000		X	X		X	X
Up to £10,000		X			X	
Up to £25,000	X					
Over £25,000	X					
Electronic Approval of Invoices on Accounting System						
All Payments			X			
Approving BACs Run/ Cheque Signatories						
All Payments		Two signatories required from this group approved as signatories by the Trust. For BACS – One in paper form (Chief Executive Officer) and Chief Financial Officer to approve online				
Release of BACS Payments Online						
All Payments			X			
Approving Invoices to Collect Income						
All Invoices		X	X		X	X
Signatories on EFA Grant Claims & EFA Returns						
Any	Two signatories are normally required by the EFA –this ideally would be the Accounting Officer and the Chief Financial Officer however must include a representative of the Board.					
Budget Virements						
Up to £10,000						SBM to report to Head
Up to £20,000		Chief Executive Officer reporting to Trust				

Over £20,000		Approval of Trust Board Required				
	Trust			School		
Activity	Trust Board	Chief Executive Officer	Chief Financial Officer/Finance Manager	Local Governing Body	Head of School	School Business Manager
Disposal of Assets (excluding freehold land and buildings)						
Up to £5,000		Chief Executive Officer			Head of School up to £5,000	
Up to £20,000	Trust Finance Audit and Risk Committee					
Over £20,000	Trust Board					
Over £50,000	Additional Approval may be required from the EFA					
Write Off Bad Debts						
Up to £5,000		Chief Executive Officer up to £5,000			Head of School up to £5,000	
Over £10,000	Trust Board					
Other Duties						
Appointment of Chief Executive Officer, Head teachers and Chief Financial Officer	Trust Board					
Appointment of Other Staff		Chief Executive Officer Advising Trust Board			Heads advising Local Governing Body	
Budget Approval	Trust Board (ultimate)			Local Governing Body		

From time to time The Board of Directors may make temporary changes to the above schedule, for example to cover the temporary absence or secondment named persons. Such changes will be approved at a meeting of the Board of Directors and minuted.