

Financial Regulations Handbook

2023 – 2024

Guidance for Trustees and Employees who have responsibility for financial management or administration including financial scheme of delegation

Date of last review:	November 2023	Author:	DCEO - Operations
Date of next review:	September 2024	Owner:	DCEO - Operations
Type of policy:	Trust wide	Approval:	Executive Team
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1. Introduction

- 1.1. The purpose of this handbook is to ensure that the Trust maintains and develops systems of financial control which conform to the requirements both of propriety and 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) and Education, Skills and Funding Agency (ESFA).
- 1.2. The Trust (and all schools within the trust) must comply with the principles of financial control outlined in the *Academy Trust Handbook (ATH)*.
- 1.3. This Trust Financial Regulations Handbook expands on the ATH, provides detailed information on the Trust's accounting procedures that need to be followed and **must be read and referenced** by all staff involved with financial systems.
- 1.4. It is critical that all individuals understand that we have the responsibility for the best use of public money and must ensure that it is spent appropriately for the benefit of the education of the pupils in the Trust. The Trust's resources are scarce and must be used appropriately.
- 1.5. The Trust is audited each year by an external body to ensure that this is the case. The Trust must be able to demonstrate that all expenditure has been incurred in exercising its duties to educate its pupils and for no other purpose.
- 1.6. This Handbook also contains the Trust's Scheme of Delegation of Financial Authority.

2. Organisation & Responsibilities

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 Trustees and employees. The financial reporting structure is illustrated below:

2.1. Members

The Members are responsible for the appointment of external auditors.

2.2. Board of Trustees - known as *The Board* throughout this document

The Board has overall responsibility for the administration of the Trust's finances. Its main responsibilities are prescribed in the Master Funding Agreement between the Trust and the ESFA, the Supplemental Funding Agreements for each school and in the Trust's governance structure. These responsibilities include:

- approving the Trust's financial controls.
- ensuring that the grants from the ESFA and other sources are used only for the purposes intended
- approval of the annual budgets
- monitoring and auditing financial returns and financial controls through the Finance and Audit Committee
- approval of expenditure over £75,000
- ensuring that the Trust is maintained as a *going concern*
- appointment of the CEO
- appointment of the Headteachers or Executive Headteachers (with the CEO and Executive team)
- appointment of the DCEO (Ops) (with the CEO)

2.3. Finance, Resources, Audit and Risk Committee (FRARC)

The Finance, Resources, Audit and Risk Committee (FRARC) is appointed by, works on behalf of, and reports to the Board. Its key roles include:

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- ensuring the adequacy of the Trust's internal control framework including financial and non-financial controls and risk management arrangements
 - having an overview of the programme of internal scrutiny and external audit
 - being clear about the sustainability of the Trust as a *going concern*
 - the authority to make financial decisions on behalf of the Board, in accordance with the Financial Scheme of Delegation
 - taking an overview of all Trust funding and making recommendations to the Board in relation to the Trust as a whole and the needs of individual schools
 - monitoring spending, cash flow, reserves and investment policy
 - scrutinising and approving bids for additional external funding
 - ensuring compliance with Trust policies and plans and with DfE/ESFA financial regulations
 - overseeing the funding and management of all resources including facilities development

Roles and responsibilities

- To consider, and where required, to advise the Board or act under delegation on behalf of the Board.
- To consider each school's indicative funding, notified annually by the DfE, and to assess its implications for the schools, in consultation with the CEO in advance of the financial year, drawing any matters of significance or concern to the attention of the trust board.
- To consider and recommend acceptance or non-acceptance of the Trust budget prior to the start of each financial year
- To receive and make recommendations on the broad budget headings and areas for expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in individual school improvement plans
- To monitor and review expenditure regularly and ensure compliance with the overall plan for the schools and with DfE financial regulations, drawing matters of significance or concern to the trust board.
- To monitor and review regularly, the effective implementation and operation of financial procedures
- To ensure the effective implementation of bank account arrangements and make any recommendations for improvement
- To make appropriate comment and recommendations regularly on such matters above, to the Trust Board
- to review the Trust's procedures for detecting fraud and corruption and for whistle-blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters.
- to review management reports on the effectiveness of the systems for internal financial control, financial reporting and risk management.
- to monitor the integrity of the Trust's internal financial controls.
- to review the statement in the annual report and accounts on the Trust's internal controls and risk management framework.
- to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks.
- to review the individual academies approach to risk management by regularly reviewing the Risk Register.
- to review the Register of Gifts and Hospitality.

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- to review the operation of the Trust's Code of Conduct for Trustees and Governors and Code of Conduct for staff.

Audit:

- To ensure that risk assessment and mitigation are considered in all aspects of work and regularly review the risk register
- To evaluate the adequacy and effectiveness of the Trust's systems of financial control, risk management, risk assurance, governance and value for money
- To provide assurance to the Board of the suitability of and compliance with its financial systems and operational controls
- To prepare an annual report for the Board confirming adequate risk management, risk assurance, control and governance arrangements
- To appoint, reappoint and/or dismiss internal and external auditors including the terms of their engagement and remuneration
- to review with the external auditors, the findings of their work, including, any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved; key accounting and audit judgements; levels of errors identified during the audit, obtaining explanations from management and, where necessary the external auditors, as to why certain errors might remain unadjusted.
- to review and monitor the content of the external auditor's management letter, in order to assess whether it is based on a good understanding of the Trust's business and establish whether recommendations have been acted upon and, if not, the reasons why they have not been acted upon.
- To ensure the integrity of the Trust's internal and external financial statements and reports so that they reflect best practice
- To monitor and evaluate the implementation of financial procedures including bank account arrangements
- To receive and monitor regular reports for ICT
- To monitor issues and recommendations arising from auditors' reports and receive regular reports to ensure that they are addressed
- To manage correspondence to and from the Trust in relation to audit requirements
- receiving auditors' reports (internal and external) and ensuring that the recommended actions are implemented
- providing scrutiny and oversight of external contracts
- providing external assurance that the Trust's financial procedures are compliant and high quality
- receiving the annual health and safety and safeguarding reports
- ensuring that the Trust's data protection arrangements are compliant
- reviewing the Trust's risk management policy, strategy, processes and procedures for the identification, assessment, management, evaluation and reporting of risk

2.4. Staff responsibilities

2.4.1. CEO

Within the framework of the Trust's strategic planning process the CEO, as the Accounting Officer, has overall executive responsibility for the Trust's activities including financial management. Much of the financial responsibility is delegated to the DCEO (Ops) and the Finance Business Partner but the CEO still retains responsibility for:

- Approval of new staff appointments and any permanent or temporary changes to the staffing structure of Create Central or the schools
- Approval of Trust and school budgets
- Approval of year end submissions
- Signing cash flow statements
- Meeting all ESFA/ATH requirements
- Drafting of the Trust's Annual Report for approval by the Board and submission to Companies House

The work of the CEO or the delegation of that work to another in Create Central is reported to the Finance, Risk and Resources Committee and further to the Board for its approval as appropriate.

2.4.2. DCEO (Ops)

The main responsibilities of the DCEO (Ops) are:

- Overseeing external funding grant agreements and contracts
- Management of tenders and major contracted works for capital or service contracts operating across the Trust
- Authorising contracts in conjunction with the CEO; *and* agreeing Trust and School budgets
- Authorising orders above £2,000 in conjunction with Finance Business Partner and Headteachers
- Approval and authorisation of payment runs and direct bank transfers
- Signatory for bank mandates to be in place as soon as possible

2.4.3. Finance Business Partner

The Finance Business Partner works in close collaboration with the CEO/DCEO (Ops) and also reports directly to the Trustees via the Finance, Risk and Resources Committee.

The main responsibilities of the Finance Business Partner are:

- Day to day management of financial issues including the establishment and operation of a suitable accounting system
- Management of the Trust's financial position at a strategic and operational level within the framework of financial control determined by the Board
- Maintenance of effective systems of internal control and financial risk management
- Maintenance and presentation of appropriate and efficient financial records
- Preparation of monthly management accounts to indicate progress against annual budgets for income and expenditure in relation to revenue, capital and various pupil-focused funds (e.g. Pupil Premium, SEND, Catch up); the Trust's balance sheet and ongoing financial health assessment
- Preparation of school and central budgets
- Approval and authorisation of payment runs and direct bank transfers in conjunction with the DCEO (Ops) or our external Finance Consultant
- Meeting of ESFA guidelines and timetables for submission of data
- Communication with auditors on behalf of Create
- Delegating appropriately to the members of the Finance Team and monitoring outcomes
- External support and guidance from our external finance management consultant

2.4.4. External Finance Management Consultant:

- Management of the Trust's financial position at a strategic and operational level within the framework of financial control determined by the Board

2.4.5. HR Manager

The HR Manager works with the CEO and the DCEO (Ops) and has some overall delegated responsibility for the authorisation of HR-related costs.

They are also responsible for spot sampling by selecting 5 employees at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

2.4.6. Strategic Support Manager

The Strategic Support Manager works with the CEO and the DCEO (Ops) who delegate aspects of financial authorisation including:

- Authorisation of payments over £2,000 in the absence of the DCEO (Ops)
- CIF expenditure
- Ongoing financial monitoring of estates spending

2.4.7. Headteacher

The Headteacher works within the framework set out in the Scheme of Delegation as approved by the Board of Trustees having responsibility for the school's activities. Many of the day-to-day financial operations have been delegated to the Office Manager/Business Manager but the Headteacher still retains overall responsibility for:

- Informing the Trust Central team of any staffing changes along with the supporting starter/leaver evidence
- Recommending for approval new staff appointments within the school structure
- Authorising and notification of purchases of goods or services up to £2,000, as Budget Holder
- Agreeing and monitoring expenditure across all key budget areas, including staffing and agency supply, utilities, education supplies and service contracts
- Ensuring that all school-based financial activity meets Trust and ESFA requirements.

2.4.8. Other staff

Other members of staff - primarily the Finance Administrator, the Office Managers/Business Managers, 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 Trust property
- avoiding loss or damage
- ensuring economy and efficiency in the use of resources
- conformity with the requirements of the Trust's financial procedures.

2.5. The register of interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all Trustees, governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection via the notes accompanying the Trust's Annual report, available from Companies House.

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

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

The governance register of interests is maintained at Create Central and published on the Create website. Each school maintains its own registers in relation to employees.

2.6. Related party transactions

- 2.6.1. Related parties include persons and entities with control or significant influence over the academy trust, and members of the same group (e.g. parent and subsidiary companies, key management personnel and close family members). The above description is not comprehensive.
- 2.6.2. The board of trustees **must** ensure requirements for managing related party transactions are applied across the trust. The board chair and the accounting officer **must** ensure their capacity to control and influence does not conflict with these requirements.
- 2.6.3. The issue of 'related' parties is where the person (often in a leadership or governance position) is *influencing* or *making the decision* to recruit or promote their own family or friends or is approving the salary levels or expenses. This does not mean that family members cannot be appointed or promoted but all recruitment and selection procedures **must** consider these matters carefully and follow the Trust's expectations in terms of process and declaration of interests.
- 2.6.4. The Trust has outlined a specific procedure for related parties, which follows ESFA/ATH guidance and is included in its Recruitment and Selection Policy. Trusts must report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line form. This requirement applies to all such contracts and agreements made on or after 1 April 2019.
- 2.6.5. Create Partnership Trust must obtain ESFA's prior approval, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:
 - a contract or other agreement exceeding £20,000
 - a contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £20,000 in the same financial year ending 31 August.

3. The Accounting System

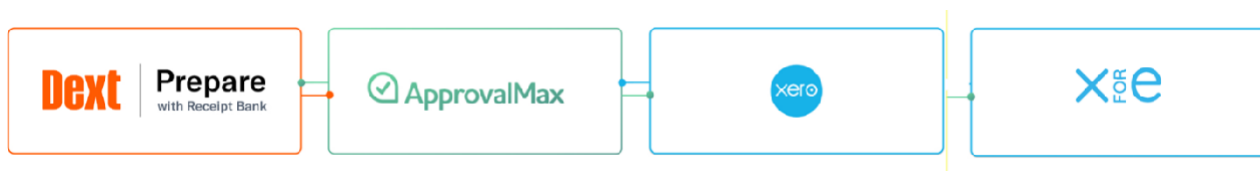
All the financial transactions of the Trust must be recorded on ApprovalMax and Xero. The Xero Accounting system is operated by the finance staff and consists of

- Nominal Ledger – a record of all transactions
- Purchase Ledger – a record of transactions between the Trust and our suppliers
- Sales Ledger – a record of transactions between the Trust and our customers
- Bank transactions report – statements, etc
- Web Purchasing System – online ordering system for goods and services

We use four products which synchronise automatically with each other:

- Xero is our core finance and accountancy system which is accessed by the central finance team only

- **Dext** – which is our invoice capture system which is then synchronised with ApprovalMax.
- **ApprovalMax** which retrieves invoices from Dext uses workflows for authorisation. ApprovalMax also allows for the creation and approval of purchase orders.
- **XfE** which allows budget holders and Business Managers/Office Managers to see budgets and year to date (YTD) information about nominal codes.



3.1. System Access

- 3.1.1. Access to ApprovalMax and Xero is password restricted, with each user having their own individual password. Access to our network is secured by two-factor authentication. Access to Xero is protected by multifactor authentication.
- 3.1.2. Access to the component parts of Xero and ApprovalMax are restricted, and the Finance Business Partner and DCEO (Ops) is responsible for setting access levels for all members of staff using the system.

3.2 Finance System Back-up Procedures

- 3.2.1 The finance system is provided through a Software-as-a-Service (SaaS) solution. The SaaS provider are responsible for ensuring that there are effective back up procedures for the system. This acts as a key component of the trust's disaster recovery arrangements. It provides a level of security, resilience and continuity and is backed up daily by the service provider.
- 3.2.2 In addition, the Trust Finance Team has all finance folders backed up to secure cloud storage in the event of loss of accounting facilities or financial data. This enables the Trust to maintain secure financial operations in full via remote working locations if required. The IMP budget planning system used by the Trust is also remotely backed up to the cloud.

3.3 Transaction Processing

- 3.3.1 All transactions inputted 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.
- 3.3.2 All journal entries must be documented with appropriate attachment on Xero.

Detailed information on the operation of Xero can be found online.

3.4 Reconciliations

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

- Sales ledger control account
- Purchase ledger control account
- Payroll control accounts
- Bank balance per the nominal ledger to the bank statement
- VAT control account
- The reconciliation of all other control accounts

Any unusual or long outstanding reconciling items must be brought to the attention of the DCEO (Ops). Appropriate advice and action should be taken.

3.5 Cyber security

All staff must be aware of cyber security and comply with the Trust's ICT acceptable use agreement.

All staff must comply with the Trust's guidance on data protection and keep sensitive information within the Create network. In particular, staff must not send sensitive information via personal email accounts (Hotmail, Gmail etc.) or store it on:

- Un-encrypted USB sticks
- Personal devices (phones, Laptops)
- 'Cloud storage' (SkyDrive, iCloud)

When using email links and attachments, staff should:

- Be ultra-cautious with email
- Be suspicious of anything unexpected
- Not open attachments unless specifically expecting them
- Not click on links outside of the organisation unless certain that they are bona fide
- Not open the email if there is any doubt
- Report all concerns and suspicious emails – no matter how trivial – to the ICT Service Desk

Finance staff, budget holders and approvers, must be aware of the risk of cybercrime and must have robust processes in place to verify and corroborate all requests to change any supplier or payment details. It is far better to challenge than to leave the matter unquestioned. **The first step is to speak directly with the Finance Business Partner or DCEO (Ops).** They will make the decision to get in touch with the supplier or internal colleague directly, using contact details that they know are correct, to confirm the request they have received is legitimate. Finance staff should be aware of these procedures and must challenge requests that they think may be **suspicious, particularly urgent-sounding** requests which apparently emanate from senior colleagues and, particularly where an email address appears to be different but similar.

In accordance with the Academy Trust Handbook, we must

- Get permission from the Education and Skills Funding Agency (ESFA) to pay any cyber ransom demands.

4. Financial Planning

The Finance Business Partner supports schools in the preparation of both medium term and short-term financial plans.

The medium-term financial plan is prepared as part of the strategic planning process. The strategic plans indicate how the school's educational and other objectives will be achieved within the expected level of resources over the next three years.

The strategic plans provide the framework for the design of the annual budget. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year.

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

4.1. School Improvement Plans

The School Improvement Plans are concerned with the future objectives and actions of the school and how they are to be achieved, including the matching of the school's objectives and targets to the expected availability of resources. School Headteachers own their School Improvement Plans, and this is supported by the CEO, DCEO and LGBs.

Schools should ensure that School Improvement plans take into account, local, national issues and annual guidance issued by the DfE, ESFA and inputs from Trustees/Governors.

Each year, the Headteacher will propose a planning cycle and timetable which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives – "are the aims still relevant?"
- development of the plan and associated budgets – "how do we go forward?"
- implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course".
- feedback into the next planning cycle – "what worked successfully and how can we improve?"

The School Improvement Plan includes detailed objectives for the coming academic year and outline objectives for the following two years. The plans are used to inform estimated resource costs - both capital and revenue - associated with each objective and the success criteria against which achievement can be measured.

4.2. Annual Budget

The Finance Business Partner is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the CEO/DCEO (Ops), Finance and Audit Committee and the Board.

The approved budget must be submitted to the ESFA by 30th July each year in the desired ESFA format. The Finance Business Partner is responsible for establishing a timetable which allows sufficient time for the approval process to meet the submission date.

The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will detail how those resources are to be utilised. The Trust follows an integrated curriculum and financial planning model in developing the budget. There is a clear link between the **school improvement plan objectives** and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable
- Review of other income sources available to the school to assess likely level of receipts
- Review of past performance against budgets to promote an understanding of the school cost base
- Identification of potential efficiency savings
- Review of the main expenditure headings considering the school improvement plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

4.3. Balancing the Budget

The budget is managed and operated within the guidelines agreed by the Trust Board's three-year Financial Strategic Plan.

Comparison of estimated income and expenditure identifies any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income are explored and expenditure headings are reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.

Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

4.4. Finalising the Budget

Once the different options and scenarios have been considered, a draft budget is prepared by the Finance Business Partner, approved as a draft by the CEO/DCEO (Ops), then forwarded to the Finance, Audit, Risk and Resources Committee and the Board for final approval.

The budget is communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget is based on a set of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget is seen as a working document which may need internal adjustments through the year as circumstances change.

4.5. Monitoring and Review

Monthly management accounts are prepared by the Finance Business Partner/Finance Consultant, setting out the financial performance and position for each of the schools and MAT. These are shared with Group Executive including the Headteachers and the central team.

Managers **must** take note of the accounts with appropriate action to ensure ongoing viability. Any potential overspend against the budget must, in the first instance, be discussed with the Finance Business Partner/DCEO (Ops)/CEO.

Management accounts are also shared monthly with all Trustees. The Chair of the FARRC also reports to the full Board.

The format of the accounts must include an income and expenditure account, variation to budget report, cash flows and balance sheet.

The Trust must select key financial performance indicators and measure its performance against them regularly, including analysis in its annual Trustees' report as explained in the Accounts Direction.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and appropriate action taken. The Finance Business Partner in a report to the Finance, Audit, Risk and Resources Committee, presents any identified variances with supporting detail about how they have occurred.

It is the school's responsibility to ensure the accuracy of its own financial and HR information. The Headteacher should ensure that appropriate central approval is sought and received and information shared with the Central team with regard to, for example, the appointment of staff or the making of particular payments.

Some checks and balances can be undertaken remotely between Create Central leaders and the Headteacher and any other appropriate staff; e.g. Office Manager.

5. Payroll

The main elements of the payroll system are:

- Staff appointments
- Payroll administration
- Payments

5.1. Staff Appointments

The Board has approved current staffing structures for the Trust. All appointments are approved by the CEO / DCEO(Ops) including where these are replacements or where minor adjustments are being made. However, if there are likely to be major costs associated with the change and if the CEO approves the change in principle, the matter is taken to the Finance, Audit, Risk and Resources Committee for final approval.

The Office Manager/Business Manager maintains personnel files for all members of staff in their school including contracts of employment. All personnel changes must be notified, in writing, to the HR Manager immediately. The Trust seeks to actively work towards a centralised electronic central HR system. Files for the Headteachers are maintained centrally.

The Board will ensure that decisions about levels of executive pay (CEO/DCEO/Headteacher) follow a robust evidence-based process and are reflective of the individual's role and responsibilities.

5.2. Payroll Administration

The Trust payroll is currently administered by BCC Schools HR & Payroll Services.

All staff are paid monthly through BCC Schools HR & Payroll Services system and this records:

- Job particulars
- Salary scale
- Actual salary and hours and weeks of work
- Temporary or permanent employment contracts
- Bank account details
- Personal details
- Allowances payable

5.2.1. New appointment details/adjustments can only be created with the approval of DCEO (Ops), HR BP, must be authorised by the Headteacher.

5.2.2. New appointment details or adjustments can only be created by the HR BP and amendments must be authorised by the Headteacher and the DCEO.

5.2.3. Staff changes, new starters, leavers and absences are authorised by the Headteacher, and the HR BP/DCEO (Ops).

5.2.4. The Office Manager/Business Manager update the MIS and HR system on a daily basis to include logging of staff sickness and other absences during the month, including those which may affect payroll.

Two weeks before the payroll payment date, BCC Schools HR & Payroll Services send electronic payment reports showing the payments and deductions for each individual. The HR Business Partner and Finance Business Partner check these reports against the HR system for new starters and leavers. The list is also checked against any timesheets submitted.

Any errors are notified to BCC Schools HR and Payroll services and appropriate action is taken.

5.3. Salary Payment Reconciliation

All salary payments are made by BACS by BCC Schools HR & Payroll Services.

The HR Manager and Finance Business Partner prepare a reconciliation between the current month's and the previous month's gross salary payments, showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation is reviewed and signed by the DCEO (Ops).

The Payroll Report is received at Create Central about 5 days before the pay date to give time to check its accuracy but this is a Trust-wide list which does not present information which is helpful to each school in enough detail. The

details must be considered at school-level to check ensure payroll accuracy. Schools should not rely on the central Finance Team to do this for them. Ultimately, it is the Headteacher's responsibility.

The HR Business Partner is responsible for spot sampling by selecting 5 employees at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

After the payroll has been reconciled, the Finance Business Partner will post the payroll transactions into the ledger. The Finance Business Partner will reconcile the payroll control accounts monthly. BCC Schools HR & Payroll Services will then issue an invoice for salary payment reimbursement.

6. Purchasing

The Trust wants to achieve the value for money from all our purchases. This means getting the correct quality, quantity and time at the best price possible. A large proportion of Trust purchases will be paid for with public funds. It is important to maintain the integrity of these funds by following the general principles of:

- **ACCOUNTABILITY:** being publicly accountable for the Trust's expenditure and the conduct of its affairs
- **BEST VALUE:** the method by which a proposal or contract is awarded based on a range of factors, including price, quality, design, etc.
- **FAIRNESS:** all those who deal with the Trust are treated on a fair and equitable basis
- **PROBITY:** being demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust
- **PROPRIETY:** the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This includes standards of conduct, behaviour and corporate governance
- **REGULARITY:** the requirement for all items of income and expenditure to be dealt with in accordance with the legislation authorising them and any applicable delegated authority
- **VALUE FOR MONEY:** the educational and wider societal outcomes achieved in return for the taxpayer resources received.

6.1. Suppliers

A supplier must be chosen from the list of approved suppliers on the Finance System. This is maintained by the Trust Finance Team and can be accessed by the schools. 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 which is not on the approved supplier list, the reasons for this decision must be discussed and agreed with the Finance Business Partner / and DCEO (Ops). A new supplier must provide their bank details on letterheaded paper and this will be cross checked manually via telephone before the supplier is added to the system.

6.2. Budget and Authority Limits

Budget Holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the Budget Holder to manage the budget and to ensure that the budget available is not subsequently overspent.

Budget Holders can access budget reports on XfE. The reports show actual spend and commitments against budgets.

Purchases relating to ICT and estates need prior approval from the Finance Business Partner or DCEO (Ops)/CEO to ensure that the expenditure is in line with the ICT or estates strategy (see section 13 estates management).

The authority limits for routine purchasing are outlined in the financial scheme of delegation.

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6.3. Routine Purchasing

- 6.3.1. All purchase requisitions are completed by the Office/Business Manager and entered onto ApprovalMax by relevant school / finance administrator.
- 6.3.2. All orders **must be** placed using the ApprovalMax system before any form of purchasing or delivery can take place, which will be approved by Headteacher and or DCEO. An official order will be produced from ApprovalMax system once all authorisations have been made. Orders are allocated an order number by the system and emailed to the supplier by ApprovalMax.
- 6.3.3. **It is required that a purchase order must be raised in respect of all purchases of goods and services apart from the items on the list of Exceptions as below.**
- Hygiene service and suppliers (Initial Washroom, PHS)
 - Waste management suppliers (BCC, restore shredding)
 - Solihull/Coventry Property Services – any extra repairs outside SLAs (SMC-Property service/Coventry City Council RMF)
 - Utility charges & Zenergi data collection charges (Including electricity, gas and water)
 - Emergency security call-outs ONLY (United Fire and Security, Crown Security)
 - Emergency situations such as flooding, building collapse, fire, etc.
 - Photocopier usage & rental lease (Midshire Business –Sharp)
 - Telephone/Broadband/IT charges (O2, Fuse, ArmstrongBell)
 - Catering food (Creed, Hopwells, Spice Time)
 - Milk supplies (Johals)
 - Council tax or rates (Birmingham City Council)
 - Salaries charges and HR services (Birmingham City Council)
 - Legal fees (Brown Jacobson)
 - Expenses claims (Any claims for reimbursement of expenses made via an Expenses Claim Form)
 - Payments were made in a foreign currency (Erasmus euro payments)
- 6.3.4. The Office/Business Manager must make appropriate arrangements for the delivery of goods to the school or Trust. Upon receipt, the Office/Business Manager must undertake a detailed check of the goods received against the delivery note (Goods Received Note (GRN)) and make a record of any discrepancies between the two
- 6.3.5. If there are any discrepancies, these should be noted on ApprovalMax and the supplier will be notified immediately, and a credit note sought. Any invoice on the Finance System in respect of the goods will be placed on hold until the credit note is received. It is crucial that schools communicate with the Trust Finance Team on this matter and record detailed notes on ApprovalMax.
- 6.3.6. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, **the Trust Finance Team should be notified (through the ApprovalMax system),** and the return will be arranged by the school.
- 6.3.7. The Office/Business Manager will seek credit notes from suppliers for any item returned and will check the accuracy monthly, of credit notes received from suppliers. Credit notes issued for orders where only partial orders are completed at delivery, will be checked against transaction paperwork to ensure these are posted on the finance system.
- 6.3.8. **The finance team should match purchase orders with the relevant invoices when processing invoices and liaise with School/Business Managers regularly for any unmatched orders/invoices. School/Business Managers should chase any outstanding invoices from suppliers and inform the trust finance team to cancel any orders which have been incorrectly raised and approved.**
- ### 6.4. Invoices
- 6.4.1. All invoices should be sent to invoices@createpartnership.org.uk
- 6.4.2. The finance staff will enter the invoice into the ApprovalMax system and match to the purchase order number. The invoice is then approved by the requester and Headteacher. Any anomalies between the

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invoice amounts and the original order will be reported to the budget holder to investigate.

- 6.4.3. **Invoices over £2,000** are authorised for payment on the finance report ApprovalMax system by the DCEO(Ops).

6.5. Supplier Payments

Once every two weeks the Finance Business Partner will run a report of invoices which are fully approved and ready to pay. BACS transfer payments will be generated from the system and the invoices marked as paid on the system. Payment runs will normally be around the 14th and 28th of each month.

BACS payment runs with associated paperwork must be authorised by two of the authorised bank signatories.

The authorised signatories are responsible for checking that all paperwork associated with cheque/BACS payments are in order and that amounts payable match to the invoices submitted to the accounts system. Details of payment runs and invoices are scanned and stored in the finance system by the Finance Office.

BACS remittances will be emailed to suppliers by the finance office.

6.6. Process for Orders under £10,000

- A supplier is chosen with which Create Partnership Trust already has an account (the preferred supplier).
- The PO is approved by the Budget Holder on ApprovalMax. It is the Budget Holder's responsibility to ensure operational checks have been actioned at this approval stage (e.g. is this cost reasonable, accurate and necessary for the purpose of the school?).
- Once approved by the Budget Holder on ApprovalMax, the PO will then come through to the requestor.
- Once approval has been granted by, the order will then be emailed to the supplier from ApprovalMax.
- Once the goods are received, it is the responsibility of the Office Manager or the School Business Manager to ensure that they are as expected. Any discrepancies must be raised with supplier immediately and the Trust Finance Team must be kept in the loop for all communication.
- Once checks are complete, the school or Budget Holder should inform the Trust Finance Team by *goods receipting* via the ApprovalMax system, in order that payment can be processed on the next payment run respectively.

Points to note:

- If purchasing from a new supplier, the use of new supplier must be signed off by the Budget Holder with valid reason for not using a preferred supplier to the DCEO (Ops).
- Unapproved purchase orders **cannot be processed**.
- Any invoices received not quoting the correct purchase order number may be refused and the service or product will be cancelled/returned.

6.7. Process for Orders over £10,000

- Further to the procurement procedure detailed above, any orders in excess of £10,000 will be subject to the additional processes listed below.
- **Three quotes will be provided by the school to the Budget Holder for a decision to be made on which supplier to go ahead with and why. Unless there is a contract in place, or the supplier is on the preferred supplier list (as with ICT, catering and cleaning) or it is part of the asset management processes, transactions will be benchmarked periodically.**
- **The trust maintains a preferred supplier list for any orders up to £40,000. Transactions will be benchmarked periodically (once every three years).**
- Once a supplier has been decided, the purchase order will go through to the DCEO (Ops)/CEO for approval.
- The standard procedure (above) is followed when the order has been approved.

Points to note:

- If an order in excess of £10,000 relates to asset management or building repairs or maintenance, then the Trust's Estates manager partner will benchmark the cost.
- Any invoices received in excess of £10,000 which have not gone through the appropriate channels will be refused and the service or product will be cancelled/returned.

Preferred Supplier List:

- CMC Catering suppliers: Creed, Hopwells, Spice Time
- RPBS (Russell Plumb Building Services)
- SMC (Solihull Metropolitan Council)
- Coventry City Council (GSS)
- FLR Group
- The Media Collective
- RocheAV
- ProBrand

6.8. Process for orders over £40,000 but less than £75,000

For authorisation purposes the proposed chosen supplier is subject to review by the Finance, Audit, Risk and Resources Committee along with the information on the three quotes received prior to authorisation being given.

All goods/services ordered with a value over £75,000, or for a series of contracts which in total exceed £75,000, must be subject to formal tendering procedures. We must comply with ATH 2023 and Public Contracts Regulations 2015 ('PCR 2015') as a requirement of your funding agreements with the Secretary of State.

The following are the thresholds under public contracts:

For goods and most services – £172,514;

For social and other specific services (including catering) – £625,050; and

For building works – £4,322,012..

6.9. 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 budget holder must discuss and agree with the DCEO (Ops)/CEO and Finance Business Partner on how best to advertise for suppliers; e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - There is a need to maintain a balance between the contract value and administrative costs
 - A large number of suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the Trust's requirements
 - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances; i.e.:
 1. The above methods have resulted in either no or unacceptable tenders
 2. Only one or very few suppliers are available
 3. Extreme urgency exists
 4. Additional deliveries by the existing supplier are justified

6.10. Preparation for Tender

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Full consideration should be given to:

- The timetable for implementation
- The objective(s) of the project
- The overall requirements
- The technical skills required
- The after sales service requirements
- The form of the contract

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision. The Trust should exercise the option to use external support in preparing and managing a tender for values over the PCR threshold.

6.11. 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:

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

6.12. Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality, this must be considered when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Identification of any scope for negotiation

Technical/Suitability

- The qualifications of the contractor
- The relevant experience of the contractor
- The descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

- Presales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly

6.13. Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders should be submitted in plain envelopes, clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

6.14. Tender Opening Procedures

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

For contracts over £50,000 the CEO, the DCEO and a Trustee.

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

Tendering Procedures

6.14.2. 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.

6.14.3. Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

6.14.4. Full records should be kept of all criteria used for evaluation and a report should be prepared for the Finance and Estates Committee highlighting the relevant issues and recommending a decision.

6.14.5. 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.

6.14.6. The accepted tender should be the one that is economically most advantageous to the school or occasionally from a specialist provider. All parties should then be informed of the decision.

6.15. Conflicts of Interest

All Trustees and staff with purchasing power will be required to complete an annual declaration of business interests. The Trust will not enter into contracts of supply with the connected business, unless the following conditions are satisfied:

1. Each transaction is of a value of £60 or less and so is considered insignificant *and*
2. There are no more than three transactions in one year *and*
3. The DCEO (Ops)/CEO, being fully aware of the nature of the business interest, is satisfied the transaction is bona fide and represents best value and so approves the transaction

Should the Trust wish to enter into any other type of contract, which does not meet the criteria above, then the matter must be referred to and approved by the Finance and Audit Committee. In considering whether to agree to any such contract, the Trust Board must be satisfied that:

1. There are no suitable alternatives to the connected supplier, and it is demonstrated that all other possible suppliers have been contacted and have been found to be unsuitable.
2. The contract is bona fide, represents best value and that the Trust's purchasing rules and procedures have been adhered to.

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In such a case that the connected supplier is connected to a Trustee, the Trustee cannot take part in any discussion or vote on the subject.

6.16. Novel, contentious and repercussive transactions

The CEO/DCEO (Ops) along with the Trust Board recognise that any novel, contentious and/or repercussive transactions must always be referred to ESFA for explicit prior authorisation.

- Novel payments or other transactions are those of which the Trust has no experience or are outside the range of normal business activity for the Trust.
- Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media.
- Repercussive transactions are those which are likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

We also accept that the ESFA may also need to refer such transactions to HM Treasury for approval and so, enough time must be allowed for proposals to be considered.

6.17. Petty Cash

- Petty cash is not really used and is not encouraged
- When petty cash is requested, money is to be given at discretion of the Budget Holder
- If, in rare circumstances, a petty cash transaction takes place, the appropriate form is completed by the Office Manager and a receipt given
- Receipts need to be filed and provided to the Trust Finance Team
- For members of staff, costs must be reclaimed through the expenses system

Points to note:

- If used at all, petty cash is only to be used for small cash transactions

6.18. Commercial Cards

It is crucial that employees involving in financial management (at any level) are aware of the dangers of using Commercial Cards. For this reason, their use must be limited.

- Commercial cards are solely to be used for business expenditure
- They are limited to a maximum spend of £1,000. This amount can be increased temporarily at the request of the Budget Holder and with the DCEO (Ops)'s emailed approval.
- All expenses must be evidenced with a valid receipt/invoice, otherwise these expenses will be recharged to the cardholder
- Receipts need to be filed at school level and also scanned to the Finance Business Partner.
- Commercial cardholders need to be aware of the appropriate budget headings from which the commercial card invoices will be paid and should ensure that the use of the card does not risk overspending in any area.

Point to note:

- Commercial cards are intended for use in emergencies when both the purchases and petty cash procedures are inefficient; e.g. burst pipes which need immediate attention from a plumber, **or for purchases where the only payment method available via credit card.**
- Commercial cards should be held by the School Office/Business Manager and Strategic Operations Manager/DCEO ops.
- **Credit purchasing must have the approval from Headteachers or DCEO (Ops) from prior to any purchases is**

6.19. IT procurement

Trust IT procurement (hardware and software) is centralised, with approval by the DCEO (Ops), to ensure that:

- maximum efficiency is secured through bulk orders
- appropriately specified IT is provisioned
- health and safety aspects are considered
- products readily supported

Central provisioning brings the following benefits:

- better buying decisions based on building strategic relationships with suppliers, securing step change in costs with group discounts. ensuring whole-life costing, including an understanding of the support implications and necessary training
- ensuring compliance – GDPR, data protection
- management / consideration of cyber and other security risks, supplier risk, etc
- asset management (registration, security marking, standardised *fit for purpose* products for support - appropriately specified with maintenance aspects, licensing etc. considered).
- *shared experience*, market insight and the identification of best of breed solutions through scrutiny and internal challenge.

7. Income

The main sources of income for the Trust are the grants from the ESFA and education related grants from other UK and EU bodies focused broadly on pupils' learning and development. The receipt of these sums is monitored directly by the Finance Business Partner who is responsible for ensuring that all grants due to the Trust are collected.

The Trust may obtain income from:

- Parents and pupils, mainly for educational visits and school meals
- The public; e.g. for sports lettings and third-party lettings to children's support services
- Other income generating activities, including Teaching School and training activities

7.1. Educational visits

All educational visits must be planned well in advance (at least 4 weeks) of the proposed visit date to enable funds to be collected as contribution towards costs from parents. Any visits which are not financially viable will be reviewed by the Headteacher.

A lead teacher must be appointed for each educational visit to take responsibility for confirming all details working with the Office/Business Manager to establish accurate visit costings. At this stage all visits must then be approved by the Headteacher.

Office staff will create the visit on the Management Information System (MIS) and a communication is sent to parents regarding consent and payment terms. The Office Manager is responsible with the lead teacher for ensuring all funds are collected and that the visit is financially viable.

Full details must be submitted to the Trust Finance Team. Visits are given individual visit cost centres to allow for close monitoring of income and expenditure.

Parents and pupils can make payments at the school office or online via MIS. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the parent/pupil making the payment.

The Office Manager should ensure that an up-to-date MIS record is maintained for each pupil, showing the amount paid and the amount outstanding. Parents should be regularly contacted regarding any money which is still outstanding.

7.2. Lettings

7.2.1. All lettings will be at the discretion of the Trustees, who may refuse lettings if they consider it in the interest of the school to do so.

7.2.2. Lettings after 10pm will not generally be permitted.

7.2.3. All hirers must comply with the regulations set out on the application form.

7.2.4. All hirers must be aged over eighteen.

7.2.5. All hirers must secure insurance cover for the letting, including for public liability.

7.2.6. All school buildings and associated premises are non-smoking areas.

7.2.7. The school is not responsible for any loss of or damage to vehicles parked on its premises, or their contents

7.2.8. Details of current lettings charges are available from the school office.

Payments will be made in advance for the use of facilities wherever possible. Organisations using the sports facilities should be instructed to send all payments to the Trust Finance Team.

The Trust Finance Team is responsible for chasing outstanding debts and ensuring no further use is made of the facilities unless payment has been made.

7.3. Safeguarding

7.3.1.1. The school is committed to safeguarding and promoting the welfare of children and young people and expects hirers and their representatives to share this commitment. It is a requirement that for all hirers working with children, an appropriate level of disclosure has been obtained.

7.4. Charges

7.4.1. All charges will be subject to periodic review by the Finance, Audit and Risk Committee. The minimum increase will be in line with inflation.

7.4.2. The calculation of charges will include consideration of the real costs of heat, light, sewerage and water, and the cost of caretaking for the event.

7.4.3. Lettings to charitable and community groups will be considered at cost only.

7.4.4. Other charges are agreed by the Finance, Audit and Risk Committee and may include an element for profit above actual costs.

7.5. The application process

7.5.1. The hirer completes the application form, which sets out the time and date of the proposed hiring and the precise definition of the premises and facilities to be hired.

7.5.2. The application is considered by the Headteacher.

7.5.3. The Premises Manager is informed.

7.5.4. An invoice is issued prior to the letting and must be paid in advance.

7.5.5. A receipt is issued.

7.6. Debt collection

Debts should not be written off without the approval of the Board (and the ESFA's prior approval if debts to be written off are above the value set out in the annual funding letter). The Board receives itemised information regarding all debts and delegates the approval of any writing-off as per the Trust's financial scheme of delegation for further information.

7.7. Custody

Official, Trust receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the school office safe prior to banking. Banking should take place every 2 weeks or more frequently if the sums collected exceed the £5,000 insurance limit on the school office safe.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Business Partner is responsible for comparing the sums collected, the sums deposited at the bank and the sums posted to the accounting system as part of the monthly bank reconciliation procedures. The bank reconciliations are then reviewed and certified by the Finance Business Partner.

8. Travel & Subsistence

The overriding principle for all travel and expenses is to obtain **value for money**. Claims must exclude the normal distance travelled to and from work. The Trust's Expenses Policy is reflective of this principle and should be referred to for further information.

9. Cash Management

9.1. Bank Accounts

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

All bank accounts require two levels of authorisation for a transaction to be processed within the banking system.

9.2. Deposits

Particulars of any deposit must be entered on to a weekly income sheet. This should reconcile to the amount of cash received, recorded and deposited on the paying in slip. Copies of the weekly income sheet must be sent to the Finance Business Partner to be entered on to the Xero and reconciled.

9.3. Payments and Withdrawals

All BACS (Bank Automatic Clearance System) payments and other instruments authorising withdrawal from Trust bank accounts must bear the signatures of two of the following authorised signatories:

- Finance Business Partner
- Strategic Operations Manager
- DCEO (Ops)
- CEO
- HR Business Partner

This provision applies to all accounts, public or private, operated by or on behalf of the Trust. **One of the authorised** signatories **must not** sign for a payment relating to goods or services for which they have also authorised the expenditure.

9.4. BACS Payments

The double authorisation procedure is one person from the Trust Finance Team (Finance Business Partner) and one from Create Central (DCEO (Ops)/Strategic Operations Manager/**HR Business Partner**).

BACS runs are prepared for authorisation by the Finance Business Partner to be processed through Lloyds Commercial Banking.

The Finance Business Partner will present BACS runs for authorisation with invoice(s) attached.

Staff authorised to complete BACS payments:

- DCEO (Ops)
- Finance Business Partner
- Strategic Operations Manager
- HR Business Partner (in exceptional circumstances).

The first person to authorise will match the BACS run schedule to the documentation provided before authorising and initialling the schedule. The second authoriser will also initial the schedule to verify that the detail matches that on the supporting documentation and actually make the BACS transfer.

9.5. Cheque Payments

A record of cheques held is updated as soon as a new supply of cheques is received. The record also includes cheques, issued and spoiled. The cheque control record is maintained by the Finance Business Partner and checked and certified periodically by the DCEO (Ops). The security of the cheques is the responsibility of the Finance Business Partner and the DCEO (Ops). Cheques are stored in a secured cabinet except when actually in use.

Cheques are prepared for signature by the Finance Business Partner.

We are in the process of removing cheque issuing from Create Partnership Trust.

9.6. Commercial Cards

Trust commercial cards are used in accordance with audit guidelines. Each commercial card holder is required to sign a credit card agreement / indemnity statement to accept the conditions of use.

The commercial card must always be stored in a safe, other than when they are being used.

It is important that the commercial card is only used:

- in exceptional circumstances
- **for purchases where the only payment method available via credit card**
- for Trust business only and never for personal use

All cardholders must provide a reconciled statement of monthly expenditure to the Finance Business Partner. All commercial cards are settled in full monthly by Direct Debit.

9.7. Direct Debits

All new direct debit authorisations are signed by two authorised signatories to the bank account.

The Trust operates direct debit agreements with suppliers, either because there is an economic advantage in having a direct debit in place or where it is a requirement of entering into agreement for services. These are reviewed annually and reconciled against the supplier account monthly.

A list of all direct debits on the Trust's bank account is held on the banking system.

Foreign Currency (Euros)

The Trust operates a Euro account to manage Euro grant funding received from the European Commission. This account is managed in line with the general financial guidance listed in this manual with the addition of EU financial contract rules being applied (EU Financial Handbook in place October 2018.)

In dealing with the management and exchange of foreign currency, the Trust will look to maximise the benefit of exchange rates when looking to transfer Euros associated with project costs into sterling as part of the main budget account.

The Trust keeps detailed contract records and financial records relating to any transaction between itself and EU partners as per the grant project contracts. These are reported to the British Council as part of the Mobility Tool management system. The Finance and Audit Committee receives updates on the Euro account and EU project finances.

9.8. Administration

The Finance Business Partner must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis in respect of all accounts. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the Trust's cash book
- Reconciliations are subject to an independent monthly review carried out by the DCEO (Ops)
- Adjustments arising are dealt with promptly
- Physical Security
- All staff must take account of physical security when handling and storing cards, cheques or cash or working with any finance files - paper or electronic.

The Finance Business Partner has access to the Create Central safe.

All school offices are equipped with a safe and the school maintains a list of key personnel who have access to it. This **must be** reported to the Finance Business Partner.

9.9. Cash Flow Forecasts

The Finance Business Partner is responsible for preparing cash flow forecasts to ensure that the Trust has enough funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly, plans should be made to transfer funds from another bank account or to re-profile income to cover potential cash shortages.

9.10. Investments

Investments must be made only in accordance with the Investment Policy approved by the Trust Board in July 2020.

All investments are reviewed by the Finance and Audit Committee prior to the decision to proceed. The DCEO (Ops) will provide the Committee with detailed information on the investment options and likely yield of any investments to be made, along with the identification of any associated risks.

The Finance Business Partner will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance and Audit Committee at appropriate intervals, depending on the terms of the investments; e.g. if investments are held for one year, then an annual report is appropriate.

9.11. VAT

The Trust is not currently VAT registered as trading activities fall under the threshold for being VAT registered. The organisation completes monthly VAT 126 reclaim forms on HMRC online for eligible VAT against expenditure incurred. This is completed on eligible items where the cost of preparation of the VAT return is not greater than the monies to be claimed back. The VAT 126 claims are produced on Xero for Education by the Finance Business Partner.

9.12. Gifts and hospitality

The Trust has a clear policy for Gifts and Hospitality which limits spending in these areas on the basis that public funds must be used appropriately and consistently across the Trust. Staff involved in financial management must refer to this policy when making decisions about, for example, gifts for staff.

10. Assets

10.1. Fixed Asset Register

Fixed assets play an important role in the success of the Trust and represent a significant investment of resources. As such, it is Trust policy that fixed assets are:

- Inventoried, safeguarded, maintained, and controlled
- Valued at or above £500, and/or categorised as high-risk
- Identified as Trust property
- Accounted for every year

The fixed asset register is updated monthly by Finance Consultant and checked by the Finance Business Partner / DCEO (Ops).

All items purchased with a value over the Trust's capitalisation limit (£500) must be entered in the fixed asset register which should include the following information where applicable:

- Asset description
- **Asset number (On asset register-iAC)**
- **Serial number (On asset register-iAC)**
- Date of acquisition
- Asset cost
- Source of funding (% of original cost funded from EFA grant and % funded from other sources)
- Expected useful economic life
- Depreciation
- Current book value
- Location
- **Name and role of member of staff responsible for the asset (On asset register-iAC)**

10.2. Asset Register (in schools)

Items categorised as high risk are not capitalised but are recorded on the iamCompliant / Every system.

High risk items may include items over the value of £100 in one or more of the following categories:

- Portable and marketable
- Larger assets not easily transportable but readily marketable and/or utilised for personal gain
- Assets repeatedly lost/stolen

The asset register and database help to:

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

10.3. Security and Stewardship of Assets

All the items in the asset register are permanently and visibly marked as the Trust's property and there is 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 FAC. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust, but do not belong to it, this should be noted.

Individual schools and staff are responsible for stewardship of items purchased and/or utilised by them. This includes, but is not limited to:

- Communicating the importance of fixed asset stewardship and Trust expectations regarding fixed asset use to schools and staff
- Providing training as necessary regarding asset use, storage, maintenance
- Utilising assets in the manner for which they are intended and with care and consideration
- Utilising assets primarily in support of Trust business. Use of Trust assets in support of a personal business or commercial enterprise is expressly forbidden
- Reporting lost, stolen, missing, malfunctioning assets immediately upon discovering the loss or malfunction to their line manager
- Notifying the Finance Business Partner regarding lost, damaged, destroyed, disposed, traded-in, sold, no longer of value, and/or transferred assets immediately upon knowledge of such. Notification regarding asset transfer, donation, disposal, trade-in, and/or sale must precede asset disposal
- Monitoring removal of assets from the Trust to ensure appropriate approvals are received before assets are removed (see below)
- Notifying the Finance Business Partner within one week of receipt of assets valued at or above £500 and assets categorised as high risk acquired via a mechanism other than a Trust purchase order
- Ensuring high-risk assets are secured and/or protected by appropriate controls, commensurate with the value, portability, and other risk factors associated with the asset. Such controls may include, but are not limited to, application of security/locking devices, periodic facility or property inspections, and/or asset sign-out/tracking logs
- Supervising timely and accurate physical inspection of Trust assets valued at or above £500 and high-risk assets once every year. An individual other than the person designated as custodian for a specific asset, must certify that asset inspection has occurred in addition to the appropriate administrator responsible for the asset. This is the role of the DCEO (Ops).

Asset means any non-consumable item. Capital asset means any asset which has been capitalised on the Trust fixed asset register.

10.4. Disposals

All disposals of land and buildings must be agreed in advance with the Secretary of State and the Board.

Any proposed disposal of other assets by Trust staff must be notified to the Finance Business Partner in writing for approval in advance of the disposal and be authorised by the DCEO (Ops). Notification should include a description of the asset, its location, estimated age and cost, an estimate of the resale value (if any) of the item with supporting documentation, where possible, and a reason for the proposed disposal.

The Finance Business Partner/DCEO (Ops) will obtain assurances that the asset(s) are obsolete/beyond repair and are of no use to the Trust.

Assets which are to be disposed of by sale or destruction with a market value of more than £3,000, must be authorised for disposal by the DCEO (Ops) and, where significant, should be sold following competitive tender.

Other items may be offered for sale to third parties. Where offers are received from third parties, the Budget Holder should identify any known business or personal relationships which exist between them and the Trust.

Where the assets are not sold externally, the Budget Holder should consider alternative ways to dispose of assets, such as gifting to local charities or schools, or through approved disposal agents.

Buyers should not be permitted to collect the assets until payment has been made in full and cleared.

The Trust will give no guarantee or warranty in respect of any asset that is sold.

10.5. Disposal of Grant Funded Assets

The Trust must seek the approval of the Secretary of State if it proposes to dispose of a capital asset for which the Secretary of State paid capital grant in excess of £20,000, or where the asset was transferred from the Local Authority for no or nominal consideration.

Reinvestment of a percentage of the proceeds of disposal of a capital asset paid for with a capital grant from the Secretary of State shall require the Secretary of State's consent in the above circumstances, and reinvestment exceeding £1,000,000 is subject to parliamentary approval. The percentage of proceeds for which consent is needed is the percentage of the initial purchase price which was paid by capital grant from the Secretary of State.

Where the Trust disposes of a capital asset for which capital grant of any amount was paid by the Secretary of State, the Trust shall repay to the Secretary of State the same proportion of the proceeds of disposal as relates to the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Trust for its charitable purposes.

10.6. Disposal of Assets to Staff

Where it is proposed to dispose of equipment to staff, additional evidence must be provided to evidence that the Trust obtained value for money in any sale or scrapping of equipment. In addition, where the disposal relates to computer equipment, it must be ensured that all software has been removed to prevent problems arising regarding the legal transfer of licences to a new owner or in contravention of data protection regulations.

10.7. Loan of Assets

Items of Trust property must not be removed from Trust premises without the authority of the Headteacher, Finance Business Partner or DCEO (Ops). A record of the loan must be recorded and maintained by the Office Manager, and the asset must be booked back in when it is returned.

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

Disposals or loans of any assets will be reported to the Finance and Audit Committee.

11. Insurance

The Trust is a member of the Academies Risk Protection Arrangement (RPA).

In instances where an insurance claim needs to be made, the school is responsible for reporting this to the Estates Business Partner. All insurance claims are made without delay by the Estates Business Partner via the RPA claims portal.

12. Estates Management

The Trust operates a robust management and monitoring system around all aspects of estates management. This includes detailed condition building annual monitoring reviews, regular compliance checks and site visits and strategic planning of building works and estate maintenance expenditure.

This information enables the Estates Business Partner to review all spend linked to estates and to ensure best value is achieved. Where the amount of expenditure is above the thresholds outlined in this Handbook, we use our asset management partner to prepare a detailed works specification and then run the relevant tender process.

It is expected that schools communicate with the Trust Finance Team/Estates Business Partner regarding all matters related to estates expenditure, to ensure it is within the strategic priorities for the current year.

13. Scheme of Delegation of Financial Authority

In order to allow Create Partnership Trust (the “Trust”) to function effectively, the Board of Trustees of the Trust (the “Board”) delegate financial responsibility to the CEO, DCEO (Ops), Finance, Audit, Risk and Resources Committee and the Headteacher at each school. The extent and level of any such delegation is determined by the board of trustees and is set out in this Scheme of Delegation of Financial Authority (the “Scheme”).

This scheme distinguishes between matters reserved exclusively for the Board’s approval or decision, and matters delegated to other individuals. The Scheme sets out financial limits and signatories applicable to various matters and ensures that there are sufficient operational controls in place for all the financial processes within the Trust. These financial limits should be considered as amounts excluding VAT.

For the avoidance of doubt any financial powers not mentioned in this document are reserved matters for the Trust Board.

This scheme was approved at the meeting of the Board on **29 November 2023**.

Academy Trust Handbook:

Procurement and spending decisions: 2.27, 2.28 and 2.29

*The academy trust **must** be able to show that public funds have been used as intended by Parliament. The academy trust **must** ensure:*

1. Spending has been for the purposes intended and there has been probity in the use of public funds
2. Spending decisions represent value for money
3. Internal delegation levels exist and are applied
4. A competitive tendering policy is in place & applied, and the procurement rules and thresholds in the Public Contracts regulations 2015 are observed unless alternative arrangements to these regulations are introduced
5. Professional advice is obtained where appropriate

The DfE strongly recommends the deals for schools that make buying simpler and quicker and can provide better value for money

Special Note: Chair’s action may be required if a decision needs to be made between FARRC meetings. It is noted in writing and reported to the FARRC and the Board at their next meetings.

	Delegated Duty	Value	Delegated Authority	Method
Procurement	Ordering goods, works and services.	Up to £2,000	Headteacher	Approved by Headteacher
		£2,000 - £9,999	DCEO	DCEO to ensure best value is demonstrated. Selection from preferred supplier list. Minimum of three quotes for orders over £10,000 will asked for periodically as spot checks.
		£10,000 - £40,000	CEO / DCEO	<ul style="list-style-type: none"> Minimum of three quotes for orders over £10,000 Preferred Supplier List
		£40,001 - £75,000	Finance, Risk, Audit & Resources Committee	Business case supported with a minimum of three quotes
		> £75,000	Trust Board	Formal tendering process including advertising on Public Contracts Regulations (PCR) procurement rules if over the PCR threshold
	Authority to accept other than best value quotation or tender	Any	CEO/DCEO (up to £40,000) and Finance Committee (over £40,000)	Ensure procurement maintains principles of regulatory, proprietary and value for money.
Signatories	Signatories for cheques Signatories for BACS and CHAPS Signatories for internal bank transfers Signatories for ESFA grant claims and ESFA returns	Any	Two Signatories from: CEO, DCEO (Ops) (and in exceptional cases: Strategic Operations Manager)	
Virements	Transfer between budget headings (internal journals)	Up to £10,000	Finance Business Partner	
		£10,001 – £20,000	DCEO (Ops)	
		> £20,000	Finance, Audit, Risk & Resources Committee	
Assets	Acquisition and disposal of fixed assets	Acquiring freehold land/buildings	Trust Board and ESFA approval	ESFA agreement required [5.23]
		Disposing of a freehold on land/buildings	Trust Board and ESFA approval	ESFA agreement required [5.23]
		Disposing of heritage assets	Trust Board and ESFA approval	ESFA agreement required [5.23]

		Other disposals	DCEO Ops & CEO	
		Authorising disposal of unusable, obsolete up to £10,000		
		Other disposals Authorising disposal of unusable, obsolete over £10,000	Trust Board	
Debt	Write-offs and liabilities (subject to £250,000 ceiling)	Up to £500	Finance Business Partner	ESFA consent required if exceeds: <ul style="list-style-type: none"> 1% of annual income or £45,000 individually; or <ul style="list-style-type: none"> 2.5% or 5% of annual income cumulatively [5.19 and 5.20]
		£501 - £1,000 per transaction	DCEO (Ops)	
		£1,001 - £45,000 or 1% of annual income (or cumulatively 2.5% of annual income)	Finance, Audit, Risk & Resources & Trust Board	
		>£45,000 or 1% of annual income or cumulatively 2.5% of annual income	Trust Board or ESFA	
		Entering into guarantees, indemnities or letters of comfort	Trust Board or ESFA	ESFA consent required if exceeds: <ul style="list-style-type: none"> 1% of annual income or £45,000 individually; or 2.5% or 5% of annual income cumulatively [5.19 and 5.20]
Leasing	Operating leases (copiers, phones) <i>Operating leases: these are not borrowing</i>	Up to £20,000	DCEO Ops / CEO	
		>£20,000	Finance, Audit, Risk, and Resources Committee	
	Finance Leasing	Taking up a finance lease	Trust Board and ESFA approval required	ESFA agreement required [5.26]
		Taking up a leasehold on land and buildings	Trust Board	ESFA agreement if lease term seven years or more [5.26]
		Taking up any other lease	Finance, Audit, Risk, and Resources Committee	ESFA agreement required [5.26]
		Granting a lease on land and buildings	Trust Board	
Miscellaneous	Borrowing	Loan or Overdraft	Trust Board and ESFA approval required	ESFA agreement required [5.33]

	Delegated Duty	Value	Delegated Authority	Method
	Purchase or sale of any freehold property	All	Board and ESFA	ESFA agreement required [5.26]
	Special Payments	Staff severance and compensation	CEO	ESFA agreement required if £50,000 or more before tax [5.10 and 5.15]
		Ex gratia payments	Trust Board and ESFA approval required	ESFA agreement required [5.18]
	Novel, contentious and repercussive	Novel, contentious and repercussive transactions	Trust Board and ESFA approval required	<p>ESFA agreement required [5.5]</p> <p>Novel, contentious or repercussive transactions: 5.5 <i>Novel, contentious or repercussive transactions must always be referred to ESFA for prior approval. ESFA may refer such transactions to HM treasury for approval, so trusts should allow sufficient time for proposals to be considered.</i></p> <ol style="list-style-type: none"> 1. Novel transactions are those of which the academy trust has no experience or outside its range of normal business 2. Contentious transactions are those that might cause criticism of the trust by Parliament, the public or the media <p><i>Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications</i></p>
	Related Party Transactions	Supplies to the trust from related parties	Trust Board	<p>ESFA agreement required over £20,000 and over associated limits in [5.42]</p> <p><i>Related parties include persons and entities with control or significant influence over the academy trust and members of the same group.</i></p>

14. Appendix 1: Target spending in the schools by category

Area of expenditure	KPI - Suggested target spend as a % of total budget
All staff	75-78%
Reserves	Minimum 3%, working towards 5%

The Trust uses DFE metrics to guide its schools around financial efficiencies and expects schools to build their reserves year on year to achieve longer-term sustainability.

15. Appendix 2: Reference to the Academy Trust Handbook (ATH):

The Trust ensures that it meets the requirements of the Academy Trust Handbook (ATH) <https://www.gov.uk/guidance/academy-trust-handbook> which is updated annually and contains specific details of the financial reporting requirements for all academy trusts and their schools. These are the **musts**. It is very important for all appropriate personnel (Trustees/Executive/Budget Holders) to note that the list of guidance in this Regulations Handbook cannot be used as a simple substitute for reading the full ATH.