



The  
**MAST**  
 Academy Trust

|                      |  |                     |                     |
|----------------------|--|---------------------|---------------------|
| <b>Policy</b>        | Financial regulations manual                         |                     |                     |
| <b>Owner</b>         | Melanie Humphreys – The Mast Executive Administrator |                     |                     |
| <b>Date approved</b> | 12th February 2020                                   | <b>Adopted from</b> | February 2020       |
| <b>Approver</b>      | Martyn Jones   | <b>Signature</b>    | <i>Martyn Jones</i> |

|                        |      |
|------------------------|------|
| <b>Current version</b> | V2.0 |
|------------------------|------|

|                        |                  |
|------------------------|------------------|
| <b>Next review due</b> | Spring Term 2021 |
|------------------------|------------------|

|  |
|--|
| <b>Objective of Policy</b>   |
| To provide guidance on the policy and process charging and remissions. |

| Version Control |  |
|-----------------|--|
| Version Number  | Summary of amends from previous version  |
| 2.0             | Annual review, addition of link to learning outside the classroom charging guidance, front cover amends. |
|                 |  |
|                 |  |
|                 |  |

| Sign off requirements          |                            |
|--------------------------------|----------------------------|
| Approvers                      | Position                   |
| Chair of trustees ratification | Martyn Jones               |
| Local LGB adoption approval    | Chair of Governors per LGB |
| Reviewers                      | Position                   |
| Jason Field                    | CFO The MAST               |
| Philip Oldfield                | Trustee                    |

| Section Number | Content            | Page Number |
|----------------|--------------------|-------------|
| 1.0            | Introduction       | 3           |
| 2.0            | Organisation       | 4           |
| 3.0            | Accounting System  | 8           |
| 4.0            | Financial Planning | 10          |
| 5.0            | Income             | 13          |
| 6.0            | Cash Management    | 15          |
| 7.0            | Fixed Assets       | 17          |
| 8.0            | Payroll            | 19          |
| 9.0            | Insurance          | 20          |
| 10.0           | VAT                | 21          |

## **1 Introduction**

- 1.1 The purpose of this manual is to ensure that the Academy Trust maintains systems of financial control that conform with the requirements of propriety, regularity 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) alongside our commitment to managing public money appropriately.
- 1.2 The Academy Trust must comply with the principles of financial control outlined in the Academies Financial Handbook published by the Education and Skills Funding Agency (ESFA). This manual expands on these principles and provides detailed information on the Academy Trust's accounting procedures that should be read by all staff involved with financial systems and procedures.

## 2 Organisation

2.1 The academy Trust has defined the responsibilities of each person or groups of people involved in the administration of Academy Trust's finances to ensure clarity of responsibilities and to provide a framework of accountability for trustees, governors and staff. The financial reporting structure is detailed below:

### 2.2 The DfE and ESFA

2.2.1 The DfE has ultimate accountability for the effectiveness of financial systems of academies. It will work to ensure that the framework of financial systems for academies ensures funds are managed effectively and deliver value for money and that a chain of accountability exists from DfE accounting officer level to the Accounting officer of the Trust.

2.2.2 The ESFA is an executive agency of the DfE and acts on behalf of the Secretary of State within delegated powers. The Accounting Officer of the ESFA is responsible and accountable for reporting to parliament on the effective use of funds allocated to academies. The ESFA's accounting officer is also personally responsible for the regularity and propriety of all expenditure of its funds and for ensuring value for money.

2.2.3 The ESFA has the power to remove the delegated financial authority of the Academy Trust through the issuing of a Financial Notice to Improve. This will bring additional scrutiny to the Trust and will require the Trust to gain authority to proceed in a number of areas of financial decision making from the ESFA until the FNtl is lifted.

### 2.3 The Board of Trustees

2.3.1 The Board of Trustees has overall responsibility for the oversight of the Academy Trust's finances. The main responsibilities of the Board of Trustees are prescribed in the Funding Agreement between the academy and the DfE and in the Academy Trust's scheme of delegation. The main responsibilities include:

- ensuring the financial sustainability of the Trust
- ensuring that grant funding from the DfE is used only for the purposes intended;
- ensuring that all funds received are used according to the Academy Trust's Funding Agreement, the law, our articles of association and the provisions of the Academies Financial Handbook;
- approval of the annual budget;
- approve the reserves policy
- appointment of the Accounting Officer and
- appointment of the Chief Financial Officer, in conjunction with the Chief Executive Officer.

### 2.4 The Finance Committee

2.4.1 The Finance committee are Trustees or co-opted independent representatives appointed by and reporting to the Board of Trustees. The Finance committee meets at least once a term but more frequent meetings can be arranged if necessary. These responsibilities may be included in the terms of reference of the Finance committee on the authority of the Board of Trustees.

2.4.2 The main responsibilities of the Finance committee are detailed in written terms of

reference which have been authorised by the Board of Trustees. The main responsibilities with relation to financial regulations include:

- the initial review and recommendation of the annual budget to the Trust Board for approval
- the regular monitoring of actual expenditure and income against budget laid out in the annual plan;
- the review and scrutiny of the 3 year plan of the Academy Trust on an annual basis
- the review of reserve levels in line with the Reserves policy
- the review of the scheme of delegation for appropriateness of financial delegations

## 2.5 The Audit Committee

2.5.1 The Audit Committee are Trustees or co-opted independent representatives appointed by and reporting to the Board of Trustees. The Audit committee meets at least once a term but more frequent meetings can be arranged if necessary. These responsibilities may be included in the terms of reference of the Audit committee on the authority of the Board of Trustees.

2.5.2 The main responsibilities of the Audit committee are detailed in written terms of reference which have been authorised by the Board of Trustees. The main responsibilities with relation to financial regulations include:

- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies in the Academy Accounts Direction;
- monitoring compliance against the application of the scheme of delegation
- review of financial controls through receipt and monitoring of internal and external audit reports

## 2.6 The Accounting Officer

2.6.1 Within the framework of the Trust as approved by the Board of Trustee the Accounting Officer has overall executive responsibility for the Academy Trust's activities including financial activities. The Accounting officer has limits of authority described within the Scheme of delegation but is specifically responsible for ensuring that the Trust has the highest standards in the following areas:

- ensuring provision of value for money in the use of funds
- maintaining the highest standards of propriety at the Trust
- ensuring that there is consistent regularity in the transactions and affairs of the Academy Trust

The Accounting Officer is also responsible for informing the Board in writing circumstances where the Trust or the Board of Trustees have fallen below the standards required in the Academies Financial Handbook.

## 2.7 The Finance Director (Chief Financial Officer)

2.7.1. The Finance Director works in close collaboration with the Accounting Officer through whom he or she is responsible to the governors. The Finance Director also has direct access to the governors via the Finance Committee. The main responsibilities of The Finance

Director are:

- the establishment and operation of a suitable accounting system;
- the management of the academy financial position at a strategic and operational level within the scheme of delegation determined by the Board of Trustees;
- implementation and operation of rigorous and robust audits and control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of monthly and annual management accounts;
- the preparation of an annual and 3 year budget plan for the Trust and its presentation to the Board of Trustees for approval;
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.
- the day-to-day management of financial issues;
- to provide day-to-day guidance and support to the Finance staff;
- ensure finance and payroll systems are effectively managed;
- writing bids for funding and development;
- the maintenance of effective internal controls;
- to manage the tendering of all service contracts
- monitoring all insurance policies, including the Risk Protection Arrangement.

## 2.8 Internal Audit

2.8.1 An internal auditor will be appointed by the Chief Financial Officer provides the Board of Trustees (via the Audit Committee) with an independent oversight of the Academy Trust's financial affairs. The main duties of the Internal Audit provider are to provide the Board of Trustees with independent assurance that:

- the financial responsibilities of the Board of Trustees and the other Officers of the Trust are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

2.8.2 The Internal auditor will undertake an annual programme of review to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Board of Trustees. A report of the findings from each visit will be presented to the Audit Committee.

## 2.9 Local Governing Bodies

2.9.1 Local Governing bodies have an important role in scrutinising the financial activities of each Academy in the Trust.

2.9.2 They will receive regular reporting from the Relevant Academy Business Manager and the Headteacher of the Academy and the main responsibilities include:

- Review and proposal of the annual budget to the Board of Trustees
- Regular review of progress against the annual budget
- Monitoring of the academy management accounts
- Scrutiny of the academy with respect to the application of the financial regulations

## 2.10 Headteachers

- 2.10.1 Headteachers are responsible for ensuring that the stipulations recorded within the Financial Regulations are adhered to and that all staff following the financial procedures described within the handbook.
- 2.10.2 They are also responsible for the oversight and management of the Academy budget as approved by the Board of Trustees.

## 2.11 Person responsible for Finance

- 2.11.1 Each Academy has a person responsible for Finance who is responsible for maintaining the financial controls and procedures in their academy as laid out in these Financial Regulations
- 2.11.2 They are also responsible for maintaining day to day operation of the Scheme of Delegation at academy level and reporting to Local Governing Bodies on progress and issues arising.
- 2.11.3 The Finance Director will play a key role in ensuring adequate training is provided to ensure the person responsible for Finance at each academy can carry out their role effectively.

## 2.12 Other Staff

- 2.12.1 Other members of staff will have some financial responsibilities, including as budget holders where delegated by the Headteacher. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy, efficiency and effectiveness in the use of resources and for conformity with the requirements of the Academy Trust's financial procedures.

## 2.13 Register of Interests

- 2.13.1 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 Academy Trust Members and Trustees, Local Governors and staff with significant influence or financial powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.
- 2.13.2 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 academy. 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.
- 2.13.2. The existence of a register of business interests does not, of course, detract from the duties of Trustees, Local governors and staff to declare interests whenever they are relevant to matters being discussed by the Board of Trustees or a committee. Where an interest has been declared, Trustees, Governors and staff should not attend that part of any committee or other meeting.

### **3 Accounting system**

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

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

#### **3.3 System Access**

3.3.1 Entry into ACCESS Accounting, is password restricted and The Finance Director is responsible for implementing a system which ensures that passwords are controlled effectively to give access to relevant financial staff.

3.3.2 Access to the component parts of ACCESS are restricted to The Finance Director who is responsible for setting access levels for all members of staff using the system. The Finance Director may delegate this responsibility with the approval of the Audit Committee.

#### **3.4 Back-up Procedures**

3.4.1 The Finance Director is responsible for ensuring that there are effective back up procedures for the system. Data is stored on the cloud by ACCESS so back-ups are managed remotely by the supplier with due regard to the relevant legislation regarding Data Protection.

3.4.2 The Finance Director should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data at Academies. This should link in with the annual assessment made by Board of Trustees of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks. ACCESS Accounting is accessible via the internet so is very robust in this respect.

#### **3.5 Transaction Processing**

3.5.1 All journal entries must be documented on the appropriate journal form on the system and will be available for scrutiny by both the Internal Auditors and External auditors. Workflow processes mean that transactions will be authorised by the relevant individuals as defined by the scheme of delegation of the Mast Academy Trust.

3.5.2 Bank transactions should be input by the Finance Department and the input should be checked, and signed to evidence this check, by the Headteacher of each Academy and one other authorised individual from the leadership team of the school and be available for inspection by the Finance Director and other auditors. The Chief Executive Officer and the Finance Director may also be the second authoriser if no-one from the academy is available to carry out the authorisation task.

3.5.3 Detailed information on the operation of the Financial Information System can be found in the user manuals and internet guides held in the Finance Department.

#### **3.6 Reconciliations**

3.6.1 The Finance Department is responsible for ensuring the following reconciliations are



performed each month, and that any reconciling or balancing amounts are explained:

- General Annual Grant and other grant reconciliation
- Pay reconciliation
- sales ledger control account
- purchase ledger control account
- payroll control account
- purchasing card account
- petty cash control account
- bank balance per the nominal ledger to the bank statement.

3.7 Any unusual or long outstanding reconciling items must be brought to the attention of The Finance Director. The person responsible for finance at each academy and Headteacher will review and sign all reconciliations as evidence of their review.

## 4 Financial Planning

- 4.1 The academy prepares both medium term and annual financial plans.
- 4.2 The medium term financial plan is prepared as part of the trust planning process. The development plan indicates how the academy Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 4.3 The Trust Development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year.
- 4.4 The Trust Development planning process and the budgetary process are described in more detail below.
- 4.5 Development Plan
- 4.5.1 The Trust Development plan is concerned with the future aims and objectives of the Academy Trust and how they are to be achieved; that includes matching the academy Trust's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the strategy within which more detailed plans may be integrated.
- 4.5.2 The form and content of the Trust Development plan are matters for the trust to decide but due regard should be given to the matters included within the guidance to academies and any annual guidance issued by the DfE.
- 4.5.3 Each year the Finance Director and the Accounting Officer will propose a planning cycle and timetable to the Board of Trustees 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" and
  - feedback into the next planning cycle - "what worked successfully and how can we improve?"
- 4.5.4 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 Accounting Officer.
- 4.5.5 The completed Trust 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.
- 4.5.6 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a named individual. The responsible person should monitor performance against the defined success criteria throughout the year and report to the senior management team on a defined basis. The Finance Director and Accounting Officer will report to the Board of Trustees on a regular basis in order to assess progress

against the plan.

#### 4.6 Annual Budget

- 4.6.1 The Finance Director is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Accounting Officer, Finance committee and ultimately the Board of Trustees.
- 4.6.2 Academies should work in liaison with the Local Governing Body in order to propose a budget for approval by the Board of Trustees.
- 4.6.3 The approved budget must be submitted to the DfE by the deadline specified in the Academies Financial Handbook (currently 31<sup>st</sup> July) and The Finance Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 4.6.4 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.
- 4.6.5 The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
  - review of other income sources available to the academy to assess likely level of receipts;
  - review of past performance against budgets to promote an understanding of the academy cost base;
  - identification of potential efficiency savings
  - review of the main expenditure headings in light of the Trust Development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
  - carry forward of any surplus or deficit from prior financial years

#### 4.7 Balancing the Budget

- 4.7.1 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, plans must be discussed to assess how the budget can be brought into balance. If exceptional circumstances mean that an Academy within the Trust proposes a deficit budget for the forthcoming year, then this must be agreed by the Board of Trustees and a deficit recovery plan must be submitted alongside the annual budget to ensure the financial sustainability of the Academy in the longer term (a maximum of 3 years).

#### 4.8 Finalising the Budget

- 4.8.1 Once the different options and scenarios have been considered, a draft budget should be prepared by Academies and Local Governing Bodies and passed to the Finance Director for approval by the Accounting Officer, the Finance committee and the Board of Trustees. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 4.8.2 The budget will remain fixed for the course of the year. Regular monitoring and review will take place in order to assess how actual and forecast expenditure compares with the

original budget.

#### 4.9 Monitoring and Review

- 4.9.1 Monthly management accounts reports and cashflow will be prepared by the person responsible for Finance at each academy and Finance Director. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Accounting Officer, Local Governing Bodies, the Finance Committee and the Board of Trustees.
- 4.9.2 Detailed forecasting of any variances to budget will be conducted on a minimum of a termly basis and more regularly at the request of the Board of Trustees, The Accounting officer or the Finance Director.
- 4.9.3 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast then corrective action or authority for such an overspend should be granted in line with the scheme of delegation.

## 5 Income

- 5.1 The main sources of income for the academy are the grants from the DfE, via the Education and Skills Funding Agency. The receipt of these sums is monitored directly by the person responsible for Finances at each Academy who are responsible for ensuring that all grants due to the academy are collected.
- 5.2 All income generated by the Academy Trust must be done so with the correct treatment of VAT when sales invoices are issued. Further guidance on this will be issued from time to time by the Finance Director in order to ensure all Academies are compliant with Trust policy and the relevant legislation.
- 5.3 The academy also obtains income from:
- Local Authority for High Needs, LAC and other grants
  - Donations from parents and the general public
  - students, mainly for trips and
  - the public, mainly for lettings
- 5.4 Payment terms and credit control
- 5.4.1 The Trust's standard payment terms are 30 days. Invoices should state clearly the payments terms and the methods by which debtors can make payment.
- 5.4.2 Invoices should be issued as soon immediately upon use of the facility, or on an agreed pattern for long term use, reflecting the need of the Trust to maintain healthy cashflows.
- 5.4.3 Each Academy is responsible for implementation of appropriate credit control procedures which ensure that monies due to the academy/school are collected in a timely manner, with any overdue debt being highlighted to the Headteacher and Finance Director on a monthly basis.
- 5.5 Trips
- 5.5.1 A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must liaise with the relevant academy staff to ensure that all income from pupils and parents is recorded appropriately. A copy of the record must be given to the Finance Department.
- 5.5.2 Students should make payments in line with the arrangements laid out by each academy (i.e. via Parent Pay). A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment (this may be done electronically).
- 5.5.3 The Academy should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a regular basis and the lead teacher is responsible for chasing the outstanding amounts, with the assistance of the local finance and administration teams.
- 5.6 Lettings
- 5.6.1 The person responsible for Finance at each academy is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation in liaison with other Academy staff. Payment profiles must be agreed in

advance of the use of facilities and monitored regularly.

- 5.6.2 Details of organisations using the facilities will be held by the Academy who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.
- 5.6.3 No debts should be written off without reference to the Bad Debt Write-off policy
- 5.6.4 Organisations using the facilities should submit evidence of insurances to the Academy in advance of the use of the facilities.
- 5.7 Official, pre-numbered Academy 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 Finance Department safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the Finance Department safe.
- 5.8 Monies collected must be banked in their entirety in the appropriate bank account. The Finance Department is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the person responsible for Finance at each academy and Headteacher.

## **6 Cash Management**

### **6.1 Bank Accounts**

6.1.1 The opening of all accounts must be authorised by the Board of Trustees, including approval of signatories to the accounts. 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.

### **6.2 Bank deposits**

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

- the amount of the deposit and
- a reference, such as the number of the receipt or the name of the debtor.

6.2.2 All entries will be recorded and reconciled on ACCESS Accounting and reconciled regularly with the bank statement, as described in these Financial Regulations.

### **6.3 Bank payments and withdrawals**

6.3.1 All BACS payments and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two authorised signatories, as agreed by the Board of Trustees.

6.3.2 This provision applies to all accounts, public or private, operated by or on behalf of the Board of Trustees of the Academy Trust.

### **6.4 Bank administration**

6.4.1 The person responsible for Finance of each Academy must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

6.4.2 all bank accounts are reconciled to the Academy's cash book;

6.4.3 reconciliations are prepared by the Finance Department;

6.4.4 reconciliations are subject to an independent monthly review carried out by The Finance Director

6.4.5 adjustments arising are dealt with promptly.

### **6.5 Petty Cash Accounts**

6.5.1 The academy maintains a cash balance as authorised by the Finance Director. The cash is administered by the Finance Department and is kept in the office safe.

6.5.2 The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash

receipts for whatever reason should be paid directly into the bank.

6.5.3 In the interests of security, petty cash payments will be limited to an amount agreed with the Finance Director for each Academy. Higher value payments should be made by BACS directly from the main bank account as a cash book payment.

6.5.4 In the long term the Academy Trust will seek to remove the need for petty cash in the Trust in order to reduce costs associated with cash handling and to reduce risk to staff.

6.5.5 The Finance Department is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Finance Department to ensure that the cash balance reconciles to supporting documentation.

6.5.6 Petty cash should be held in a locking cash box which is put in the safe overnight.

## 6.6 Purchasing card Transactions

6.6.1 Each Academy within the trust will have a purchasing card that will allow transactions for relatively low expenditure items without the need to set up a supplier account.

6.6.2 Each academy will have one card and use will be controlled by the person responsible for Finance and Headteacher. There will be appropriate separation of responsibilities to ensure that no-one can raise and authorise transactions.

6.6.3 Cards will have a maximum amount of expenditure per month and this will be approved by the Finance Director.

6.6.4 A monthly reconciliation of expenditure shall be undertaken by the person responsible for Finance at each academy, including all VAT receipts by purchase, and this shall be signed off by the Head teacher and available for the review of the Finance Director, Responsible Officer and external Auditors.

## 6.7 Cash Flow Forecasts

6.7.1 The person responsible for Finance at each Academy and the Finance Director (for the Trust) are responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile Income and Expenditure to cover potential cash shortages.

## 6.8 Investments

6.8.1 Investments must be made only in accordance with written procedures approved by the Board of Trustees in the Investments policy. After conversion, and before the investment policy is approved all funds will be held in the main bank accounts of the Trust.

6.8.2 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.



## 7 Fixed assets

### 7.1 Asset register

7.1.1 All items purchased with a value over the academy's capitalisation limit of £1,000 must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- expected useful economic life
- depreciation
- current book value

7.1.2 The Asset Register helps:

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

### 7.2 Security of assets

7.2.1 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

7.2.2 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 governing body. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

### 7.3 Disposals

7.3.1 Items which are to be disposed of by sale or destruction must be authorised for disposal by The Finance Director and, where significant, should be sold following competitive tender. The academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of the limit in the Academies Financial Handbook.

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

7.3.3 The academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the

academy must repay to the DfE a proportion of the sale proceeds.

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

#### 7.4 Loan of Assets

7.4.1 Items of academy property must not be removed from academy premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.

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

## **8 Payroll**

### **8.1 Payroll provider**

- 8.1.1 The payroll provision for the Mast Academy Trust is currently operated by Kirklees Council Payroll Services.
- 8.1.2 The council will operate this service, including administration services to ensure all required returns are delivered to external agencies including the HMRC, the local government pension scheme (WYPF) and the Teachers Pension Scheme.
- 8.1.3 Authority for changes to contracts remains with the Trust and is outlined in the Scheme of Delegation. This is overseen by the Headteacher at each Academy and the person responsible for Finance.
- 8.1.4 The contract for payroll will be kept under review to ensure that the best value for money service is provided.

## 9 Insurance

### 9.1 Provision of insurance

9.1.1 The Mast Academy Trust has opted in to the Risk Protection Agreement provided by the Government that provides insurance across a wide range of areas. This is a cost effective scheme and is widely used by academy trusts.

9.1.2 The areas covered are;

- Material damage
- Business Interruption
- Employers Liability
- Third party public liability
- Governors Liability
- Professional indemnity
- Employee and Third Party Dishonesty
- Money
- Personal Accident
- UK Travel
- Legal Expenses

9.1.3 Areas that are not covered under this arrangement, such as Foreign Travel, Occasional Business Use for Motor Vehicles and chancel repairs (specific to some academies in the Trust) will be provided separately with due regard to securing best value for money.

## **10 VAT**

- 10.1 The Trust is not registered for VAT as it does not generate sufficient income from business activity to justify this status.
- 10.2 This status will be kept under review by the Finance director in order to ensure that the trust is operating its processes in line with the relevant VAT guidance from the HMRC.
- 10.3 As a result of this VAT status the Trust is permitted to claim back input VAT charged through the VAT 126 form.
- 10.4 The Finance Director will make the claim for VAT under the process outlined in 10.3 and ensure that this is transferred as appropriate to the bank account of the relevant academy.
- 10.5 The Finance Director will keep appropriate records and reconciliations (sourced from the accounting system) in order to ensure that upon inspection the validity of these VAT claims can be verified.