



# The MAST Academy Trust

<b>Policy</b>	Financial regulations manual	
<b>Owner</b>	Chief Financial Officer	
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<b>Approver</b>	Trust Board	

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<b>Next review due</b>	Autumn 2024
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<b>Objective of Policy</b>	
To provide guidance on financial regulations relating to the Mast Academy Trust	

Version Control	
Version Number	Summary of amends from previous version
2.0	Annual review, front cover amends.
3.0	Annual Review. Section 2 is updated to follow scheme of delegation; Throughout - updates to job specifications; Section 3.7 detail on electronic signature has been added; Section 5.5.4 added; wording adjustments in sections 6.5.1, 6.7.1 and 6.8.1; additional bullet point in section 7.1.2.
4.0	Annual review: updated to reflect current scheme of delegation and Academy Trust Handbook
5.0	Annual review: updated to reflect Academy Trust Handbook.

Sign off requirements	
Approvers	Position
Finance, Audit and Risk Committee	Trust Board
Reviewers	Position
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## 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 Academy Trust 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 schools. It will work to ensure that the framework of financial systems for schools 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 Academy 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 schools. 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 Notice to Improve (Ntl). 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 Ntl 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 Trust 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, the Trust's articles of association and the provisions of the Academy Trust Handbook;
  - approval of the annual budget;
  - approve the reserves policy;

- approve the investment policy
- appointment of the Accounting Officer and
- Appointment of the Chief Financial Officer, in conjunction with the Chief Executive Officer.

## 2.4 The Finance, Audit and Risk Committee

2.4.1 The Finance, Audit and Risk Committee comprises Trustees or co-opted independent representatives appointed by and reporting to the Board of Trustees. The Finance, Audit and Risk 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, Audit and Risk Committee on the authority of the Board of Trustees.

2.4.2 The main responsibilities of the Finance, Audit and Risk 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 Board of Trustees 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 any investments that the trust wishes to hold
- the review of the scheme of delegation for appropriateness of financial delegations
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to schools 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
- reviewing the risk register
- agreeing a Trust programme of internal scrutiny.

## 2.5 The Accounting Officer

2.6.1 Within the framework of the Trust as approved by the Board of Trustees 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 Academy Trust
- ensuring that there is consistent regularity in the transactions and affairs of the Academy Trust

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

## 2.7 The Chief Financial Officer

2.7.1 The Chief Financial Officer works in close collaboration with the Accounting Officer through whom he or she is responsible to the Board of Trustees. The Chief Financial Officer also has direct access to the Trustees via the Finance, Audit and Risk Committee. The main responsibilities of The Chief Financial Officer are:

- the establishment and operation of a suitable accounting system;
- the management of the Academy Trust's financial position at a strategic and operational level within the scheme of delegation determined by the Board of Trustees;
- the implementation and operation of rigorous and robust financial audits and control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy Trust;
- the preparation of monthly and annual management accounts;
- the preparation of an annual and 3-year budget plan for the Academy 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;
- the provision of day-to-day guidance and support to the Academy Trust's Finance staff;
- ensuring finance and payroll systems are effectively managed;
- the maintenance of effective internal financial controls;
- The monitoring of 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 providing the Board of Trustees (via the Finance, Audit and Risk 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 Finance, Audit and Risk Committee.

2.8.3 A wider programme of Internal Scrutiny will be put in place outside of financial areas. This will be in line with the requirements of the Academy Trust Handbook. The internal scrutiny programme in its entirety will be collated by the Chief financial Officer and reported back to the Finance, Audit and Risk Committee.

## 2.9 Headteachers

- 2.9.1 Headteachers are responsible for ensuring that the stipulations recorded within the Financial Regulations are adhered to at their schools and that all school staff are following the financial procedures described within the handbook.
- 2.9.2 They are also responsible for the oversight and management of the School budget as approved by the Board of Trustees.

## 2.10 Persons responsible for Finance

- 2.10.1 Each school is supported by the Collaborative Finance Team who are responsible for maintaining the financial controls and procedures in their school as laid out in these Financial Regulations. Each school will have resource available to enter all financial transactions and information into the relevant systems at the school.
- 2.10.2 The collaborative Finance team are also responsible for maintaining day to day operation of the Scheme of Delegation at school level and reporting to the Chief Financial Officer and Finance, Audit and Risk Committee on progress and issues arising.
- 2.10.3 The Chief Financial Officer and School Finance Business Partner will play a key role in ensuring adequate training is provided to ensure the people responsible for Finance at each school can carry out their role effectively.

## 2.11 Other Staff

- 2.11.1 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 school 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.

## 2.12 Register of Interests

- 2.12.1 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 school may purchase goods or services. The register is open to public inspection.
- 2.12.2 The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the school. 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.
- 2.12.2. 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 each school must be recorded into Access Finance Accounting, the Academy Trust's financial accounting system. This system is operated by the Finance team across the schools and contains details of all financial transactions carried out by the Academy Trust.

3.2 The system has a ledger for each school within the Academy 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 Chief Financial Officer and Trust Finance Officer are 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 permission control areas of Access Finance is restricted to The Chief Financial Officer and Trust Finance Officer who are responsible for setting access levels for all members of staff using the system. The Chief Financial Officer or Trust Finance Officer may delegate this responsibility with the approval of the Finance, Audit and Risk Committee.

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

3.4.1 The Chief Financial Officer 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 Chief Financial Officer should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data at schools. This should link in with the annual assessment made by Board of Trustees of the major risks to which the school 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 Academy Trust.

3.5.2 Bank payment transactions should be input by the Finance team and the input should be checked and signed (this can be done electronically in Access Finance and Lloyds Commercial Banking Online) to evidence this check by the Headteacher of the School and one other authorised individual from the school's leadership team. This check should be available for inspection by the Chief Financial Officer and other auditors. The Chief Executive Officer, Trust Finance Officer and the Chief Financial Officer may also be the second authoriser if no-one from the school is available to carry out the authorisation task, and for Trust-level transactions. Trust-level financial transactions will be signed off by members of the executive team authorised to do so, ensuring

separation of responsibilities.

### 3.6 Reconciliations

- 3.6.1 The Academy Trust's Collaborative Finance Team 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 (e.g. aged debtor reports)
  - Purchase ledger control account (e.g. aged creditor report)
  - Other sundry debtors and creditors accounts
  - 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 Chief Financial Officer. The person responsible for finance at each school and Headteacher will review and sign all reconciliations as evidence of their review. Electronic signature or evidence via email confirmation is acceptable.

## **4 Financial Planning**

- 4.1 Each school prepares both medium term and annual financial plans.
- 4.2 The medium-term financial plan is prepared as part of the Academy Trust's 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 Improvement plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the school and the planned use of those resources for the following year.
- 4.4 The Trust Improvement planning process and the budgetary process are described in more detail below.
- 4.5 Improvement Plan
- 4.5.1 The Trust Improvement 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 Improvement plan are matters for the Trust to decide but due regard should be given to the matters included within the guidance to schools and any annual guidance issued by the DfE.
- 4.5.3 Each year the executive team, led by 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 - “How successful were the past activities, aims and objectives?”
- Definition or redefinition of aims and objectives – “What are the aims and objectives?”
- 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 Improvement 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. This will be captured in the financial plan of the Trust and held in the Trust budgeting system.

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 Chief Financial Officer 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 Chief Financial Officer is responsible for preparing and obtaining approval for the annual budget. The budget must be recommended to the Accounting Officer, Finance, Audit and Risk Committee and be approved by the Board of Trustees.

4.6.2 The approved budget must be submitted to the DfE by the deadline specified by the ESFA (currently last week in August) and The Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

4.6.3 The annual budget will reflect the most accurate forecast of the resources available to the Academy Trust for the forthcoming year(s) 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.

4.6.4 The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of DFE grant receivable;
- Level of grants receivable from other government institutions (e.g. Local Authority);
- 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 using benchmarking and curriculum planning tools;
- Review of the main expenditure headings in light of the Trust Improvement 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 School 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 School 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 Schools and communicated via the Chief Financial Officer for recommendation by the Accounting Officer, the Finance, Audit and Risk Committee and ultimately approval by 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 will be prepared by the person responsible for Finance at each school and the Chief Financial Officer and Trust Finance Officer will produce a balance sheet and Cashflow at Trust level only. School level 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, Audit and Risk Committee and the Board of Trustees, with a Trust consolidation also being available.

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 Chief Financial Officer.

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 school are the grants from the DfE, via the Education and Skills Funding Agency. The receipt of these sums is monitored directly by the Collaborative Finance Team who are responsible for ensuring that all grants due to the school 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 Chief Financial Officer in order to ensure all Schools are compliant with Trust policy and the relevant legislation.

5.3 The school also obtains income from:

- Local Authority for High Needs, Children Looked After and other grants from time to time
- Donations from parents and the general public
- Income from trading and investment activity
- 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 payment 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 Cash flows.

5.4.3 The Collaborative Finance team will work with each school to implement 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 Chief Financial Officer on a monthly basis.

### 5.5 Trips

5.5.1 A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The lead member of staff must liaise with the relevant school staff to ensure that all income from pupils and parents is recorded appropriately. A copy of the record must be given to the Collaborative Finance Team.

5.5.2 Students should make payments in line with the arrangements laid out by each school (e.g. 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 School 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 member of staff 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.

5.5.4 Records relating to trips and their financial probity may be audited from time to time by the finance team and will be available to scrutiny by our internal and external audit partners.

## 5.6 Lettings

5.6.1 The person responsible for Finance at each school is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation in liaison with other School 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 School 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 Chief Financial Officer

5.6.4 Organisations using the facilities should submit evidence of insurances to the School in advance of the use of the facilities.

5.6.5 Official, pre-numbered School 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 Collaborative Finance Team 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.

5.6.6 Monies collected must be banked in their entirety in the appropriate bank account. The Collaborative Finance Team 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 banking cash at each school and Headteacher in agreement with the Collaborative Finance Team.

## 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
- 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 school bank accounts must bear the signatures of two authorised signatories, as agreed by the Board of Trustees. This will normally be evidenced electronically on Lloyds commercial banking online and can be supported by a printed statement if needed.
- 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 School must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures performed by the Collaborative Finance Team must ensure that:
  - 6.4.2 All bank accounts are reconciled to the school's cash book at least monthly;
  - 6.4.3 Reconciliations are subject to an independent monthly review carried out by The Chief Financial Officer or Trust Finance Officer

### 6.5 Petty Cash Accounts

- 6.5.1 The school maintains a cash balance as authorised by the Chief Financial Officer. The cash is administered by the School Office and is kept in the office safe. Petty cash balances should be minimised and eliminated where possible.
- 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 Chief Financial Officer for each School. 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 Each school will agree with the Collaborative Finance Team who is responsible for entering all transactions into the petty cash records (including input to Access Finance). Reconciliations will be made by a member of the Collaborative Finance Team in 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 School within the Academy 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 school will have one card and use will be controlled by the person responsible for

Finance and the 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 Chief Financial Officer.

6.6.4 A monthly reconciliation of expenditure shall be undertaken by the person responsible for Finance at each school, including all VAT receipts by purchase, and this shall be signed off by the Head teacher and available for the review of the Chief Financial Officer, internal and external auditors.

## 6.7 Cash Flow Forecasts

6.7.1 The Academy Trust will make a cashflow forecast for all its schools as part of the monthly management accounts, which will be produced monthly by the Collaborative Finance Team. Any surplus funds will be reviewed as per the investment policy. Similarly, plans should be made to transfer funds from another bank account or to re-profile Income and Expenditure to cover potential cash shortages. The Trust will maintain an overall cash flow forecast as directed by the Academy Trust Handbook.

## 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. The Chief Financial Officer will be responsible for monitoring and reporting on these investments and making recommendations for reinvestment or otherwise of these funds.

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 school's capitalisation limit of £1,000 must be entered in a fixed asset register. The fixed 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
- To assess the effective value for the asset over time as per the depreciation policy

- laid out in the statutory accounts;
- Help the external auditors to draw conclusions on the annual accounts and the school's financial system and
- To support insurance claims in the event of fire, theft, vandalism or other disasters.

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

## 7.2 Security of assets

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 school'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 school property should be kept up to date and reviewed regularly. Where items are used by the school but do not belong to it this should be noted. Any intangible assets (largely software licenses) will be recorded on the contracts register and monitored by both the Chief Finance Officer and the Trust Operations Officer for completeness and correct treatment in the accounts.

## 7.3 Disposals

7.3.1 Items which are to be disposed of by sale or destruction must be authorised for disposal by The Chief Financial Officer and, where significant, should be sold following competitive tender. The school 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 Academy Trust 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 school obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the school would need to ensure licences for software programmes have been legally transferred to a new owner.

7.3.3 The school is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other school assets. If the sale proceeds are not reinvested then the school 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 school property must not be removed from school premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in school 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 school's auditors.

## **8 Payroll**

### **8.1 Payroll provider**

- 8.1.1 The payroll provision for the Academy Trust is outsourced and the contract for this is currently with Edupay Payroll Services.
- 8.1.2 Edupay 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 School and the Executive Lead for Governance, People and Communications.
- 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 Academy Trust has opted into 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 amongst other things;
  - Material damage
  - Business Interruption
  - Cyber-security
  - Employers Liability
  - Third party public liability
  - Governors Liability
  - Professional indemnity
  - Employee and Third-Party Dishonesty
  - Money
  - Personal Accident
  - UK and Foreign Travel
  - Legal Expenses
  - Cyber security
- 9.1.3 Areas that are not covered under this arrangement, such as Occasional Business Use for Motor Vehicles and chancel repairs (specific to some schools in the Academy Trust) will be provided separately with due regard to securing best value for money.



## **10 VAT**

- 10.1 The Academy 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 Chief Financial Officer 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 Chief Financial Officer 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 school.
- 10.5 The Chief Financial Officer 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.