

Financial Procedures Manual

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INTRODUCTION

Parallel Learning Trust provides a high quality of education to students. Finance plays a key role in delivering the high standards through the use of resources; the money spent on recruiting, retaining and developing excellent teaching and support staff, the upkeep of the buildings and the use of the available assets.

An annual investment of approximately £15m helps to deliver the high quality of education. The accountability for securing the best value in the use of this investment and maximising the available assets lies with the Governors/Trustees/Members, the staff and ultimately with me as the Chief Executive Officer.

Sound financial stewardship and controls are the foundation blocks for ensuring that the Academy plans well, accounts for the income and expenditure and safeguards public funds.

As Chief Executive Officer, I firmly believe the accountability for the use of resources is a transparent process. This Finance Manual is designed for this purpose by setting out the arrangements for managing, planning and accounting for the available assets and resources at the Academy's disposal, with the aim of providing our student's with the optimum learning experience.

The Academy fully complies with the expectations of the Department for Education (DfE) and its financial regulations for Academies and works within the laid down accounting practices and principles.

Mark Jordan

Chief Executive Officer

SECTION 2 – RESOURCE PLANNING

Parallel Learning Trust aims to maximise the available financial resources and assets to provide the highest standard of education to its students. Resource planning linked to the vision for the Academy contained in the Academy Development Plan is carefully managed to enable this aim.

2.1 Financial Planning Arrangements

The financial plans are developed in tandem with the Academy Development Plan and are reviewed and updated by the Senior Leadership Team (SLT) and the Trust Management Board.

Financial & Asset Planning is broken down into three levels – short-term (less than 1 year), medium term (1 to 2 years) and long-term (3 years plus).

2.2 Budget Planning

Budget planning encompasses

- the staffing needs to meet the curriculum
- the staffing needs to support teachers
- the staffing needs to maintain the premises for the students and staff
- the running costs of each department and supporting the students therein
- the IT requirements for the Academy
- the training & development of teaching, support staff and Governors/Trustees/Members
- the premises maintenance costs
- the committed contract expenditure costs such as planning.
- the rolling programme for refurbishment and building development

2.3 Expenditure Plans

The planned expenditure for the financial year will not normally exceed the Academy's budget share, adjusted by amounts carried forward from the previous year, plus any additional income receivable and any in-year adjustments which may be made in accordance with the Education, Skills and Funding Agency (ESFA) scheme. The caveat to this is where student numbers are temporarily reduced in support of future years strengthening of the learning environment. This may involve planning a deficit budget in the first year but with the aim to secure surpluses in subsequent years. This process will be subject to ALL the approval requirements defined within the latest Academies Trust Handbook.

The expenditure plans are endorsed by the Trust Board around July each year and are updated once the final budgets have been received from the ESFA. The proposed budgets, together with any adjustments following the final income statements, are agreed by the full Trust Board.

The Trust Board does not approve financial commitments for future financial years without satisfying itself that the costs can be met within the likely level of resources and by reference to the recommendations made by the Executive Leadership Team (ELT).

The Trust Board will not plan for a deficit budget unless there are extra-ordinary reasons for doing so.

2.4 Capital Spending Plans

This links to the rolling programme of building development work. The Academy's delegated Capital budget share and any additional capital monies made available by the ESFA is used to finance building project works. In addition, the Trust Board, as part of its procedures to upgrade the facilities in the Academy to enhance the student's education experience, will allocate monies from the Academy's revenue budgets to fund further building development.

SECTION 3 – BUDGET MONITORING ARRANGEMENTS

Regular budget monitoring of the actual expenditure plus commitments against the latest approved budget helps to control finances and ensures that the Academy maximises the available resources. Due care is given to the forecasting of year-end income/expenditure to ensure that the financial position at any given time is as accurate as possible.

3.1 Budget Monitoring Reports

The Trust Finance Team staff prepare budget monitoring reports on a monthly basis. These reports are provided to Headteachers and the Chief Executive Officer. The reports show all income and expenditure to the period in question together with commitments and the forecast year-end position.

3.2 Budget Holders

The Academy ensures that budget holders are aware of their budget make-up and their role. Budget holders are responsible for agreeing the forecast expenditure based on the “actual” expenditure, the commitments already made and the planned expenditure for the remainder of the financial year. Any changes to the forecast are passed back to the CFO. Budget Holders are not allowed to overspend their budget allocation and should budget pressures arise, they must report the issue through their line management to the Chief Executive Officer or via monthly budget meetings with the CFO.

3.3 Reports to the Governors/Trustees/Members

The Governors and Trustees receive an income and expenditure report at each meeting. The report shows the approved budget, the actual expenditure plus commitments for the period in question, the percentage spend against budget showing variations and the forecast expenditure for the end of the financial year.

The report provides an explanation for any significant variations and the planned action for addressing the situation.

An example of a budget monitoring report is attached (**Appendix 1**).

3.4 Monthly Reconciliation

The Academy accounts are the official record for accounting purposes and monthly reconciliations are undertaken, to ensure accuracy of the figures reported to the Chief Executive Officer, Headteachers and the Trust Board.

SECTION 4 - PURCHASING ARRANGEMENTS

The Academy's purchasing procedures falls in line with the latest Academies Trust Handbook (ATH), and the Parallel Learning Trust Procurement policy which places emphasis on securing "best value" for all goods and services. The factors of "best value" cover the cost and the quality of the goods and services (fit for purpose) including due regard to the back-up service in respect of maintenance and repair.

The Academy's "Value for Money Statement" is attached for reference (**Appendix 2**).

4.1 Purchasing Strategy

As stated above, managers and staff order goods and services on the basis of the quality of the product, the cost, after sales service (where applicable) and fitness for purpose.

4.2 Purchase Orders

Orders are only used for goods and services provided to the Academy. Individuals may not use official orders to obtain goods and services for their private use, unless this is part of an agreed scheme e.g. laptops for teachers.

In exceptional cases only, likely to be Health and Safety/Facilities related, or related to ad-hoc agency supply, an urgent order may be made with agreement of the budget holder.

Official Academy orders will be issued for all goods, services and works required by an Academy. Except for utilities contracts already entered into.

4.3 Purchase Approval Process

Details of the staff authorised to sign orders and certify invoices are listed as attached - **Appendix 3**.

4.4 Ordering Process for Goods & Services

Budget holders with access to PSF post purchase order requisitions directly to the PSF system. The system will highlight to the budget holder where they do not have sufficient budget available and it will be their responsibility to ensure that they have sufficient budgetary provision and the best value is achieved.

Where staff do not have access to PSF or are unable to use for any reason, the purchase requisition will be raised by the finance team, who will ensure sufficient funds are available in the budget.

Authorised purchase requisitions will be pushed through as purchase orders on the system by the finance team– these will go through to the CFO/CEO or head of department (IT and Estates) for authorisation.

A budget check will be conducted to ensure sufficient funds are available. If an order exceeds the budget, the purchase order is returned to the budget holder who can discuss the potential overspend with the approver.

Once an order is approved a commitment is created against the department cost code. The order is sent to the supplier and the requisitioner is informed of the order number and date placed via e-mail.

Orders are sequentially numbered by the accounting system and copies are saved and filed in an electronic Purchase Order file for the relevant academy.

4.5 Expenditure Levels

Before placing an order the Budget Holder will establish the probable cost of the goods, works or services required and ensure sufficient funds are available. This estimated cost will determine the normal procedures to be followed in obtaining quotations or tenders. These procedures and financial limits are outlined in the PLT Procurement Policy.

4.6 Lease Agreements

In purchasing Academy equipment the Academy will consider the option whether value for money is best obtained through entering into a lease agreement rather than outright purchase.

A lease agreement may be the most appropriate option for obtaining goods such as

- Computer and audio visual equipment
- Telephones and fax machines
- Photocopiers and printers
- Laboratory, workshop, domestic science and sports equipment
- Musical instruments
- Furniture and fittings
- Coaches and mini-buses

A lease agreement may provide the following advantages

- Equipment can be obtained now without the need to save up to purchase equipment outright
- Annual rental payments provide more certainty for the Academy's budget planning process
- The Academy can keep up with changing technology in a cost effective way
- A lease which includes a maintenance agreement can provide a cost effective way of ensuring the equipment is kept in good repair and minimises "downtime".

Prior to entering into any lease agreement the Academy will undertake a full appraisal of its equipment needs and then give careful consideration to the following points

- How long will the Academy have need of the equipment?
- Is leasing the equipment more cost effective than outright purchase?
- Can the Academy afford the rental agreements in the current financial year and for the remainder of the lease period?

- Does the “small print” of the agreement contain clauses which make the lease less beneficial to the Academy, e.g. cheap rental payments but expensive maintenance agreements?

There are two types of lease and credit arrangements

Operating leases (rental agreements)

These are arrangements to pay for the use of equipment (or services) over a set period of time. Equipment obtained under a rental agreement or operating lease is owned and maintained by the supplier. The Academy is permitted to enter into these arrangements and can make payments from their delegated budgets. However, for an arrangement to constitute a rental agreement or operating lease it must meet all the following criteria:

- the ownership of the asset must not transfer to the Academy at any stage
- the leasing company retains the responsibility for keeping the equipment in good condition (i.e. provides regular maintenance)
- the Academy must not have any direct or indirect interest in the value of the asset at the end of the lease, i.e. the Academy cannot benefit from the proceeds if the asset is sold at the end of the lease period
- if the rental period is extended beyond the initial period, the further payments that are made must not be significantly lower than the open market rate.

Finance leases (hire purchase and other credit arrangements)

If a lease agreement does not meet all the criteria listed above it will be deemed a credit arrangement or finance lease. The precise definition of these is complicated but essentially they cover arrangements by which an Academy would obtain ownership of the equipment whilst spreading payments over more than one year. Such arrangements are deemed to be a form of borrowing and this Academy is **not permitted** to enter into this type of lease.

4.7 Receipt of Goods

When goods are received they will be checked to ensure they are of the correct quantity and quality by the originator. If they cannot be checked immediately they will be held in a secure place until they can be checked.

Once checked, the delivery note will be signed and dated by the person who undertook the check and passed to the Finance Office to check that the items delivered agree to the order placed by the Academy. Any queries, shortages, defective items are to be recorded on the delivery note by the checker and raised with the relevant supplier. Where there is no delivery note available, email confirmation is sent to the finance from the Academy.

The Finance Office will then attach the delivery note/email confirmation to the copy order.

4.8 Payment of Invoices

All invoices are checked against purchase orders before being entered to PSF – any queries are checked with the supplier.

Payments are usually processed by the Finance Officers.

Payments should always be made by BACS, except in exceptional circumstances.

The Finance officers decide which creditors should be paid based on the due dates with regard to maximising the establishment's cash flow but also satisfying supplier payment deadlines.

When creating a BACS run, the Finance officers produce a proposed payroll report from PSF. Invoices are attached to the payroll and it is passed to the Head of Finance or CFO for authorisation. It is then counter signed by the Finance Assistant.

Remittance Advice will be emailed, or posted in exceptional circumstances, to suppliers.

Invoices paid by BACS are filed together with the payroll report in the relevant academies 'BACS Payment Runs' folder.

Cheque payments should only be made in exceptional circumstances where it is not possible to obtain bank details from a supplier, or where it is not possible to create a BACS run.

Any cheque books are kept in a locked cabinet and no pre-signed cheques are ever held.

Where cheques are produced, cheque advice slips are attached to the corresponding invoice. All other authorisation procedures should be completed as above. Cheques are recorded against the relevant invoice in PSF and cheque stubs retained as evidence of payments made.

Cancelled or spoilt cheques must be retained and filed in sequential order, clearly marked across the face as "CANCELLED"

Supplier statements are reconciled and saved in a folder under the relevant email inbox.

4.9 Credit cards

The trust has Corporate Credit Cards, which are allocated to certain members of staff. These are controlled centrally.

All card holders are budget holders and payments may be made on their credit cards where it is not possible to go through the usual order process.

The card holder is responsible for all purchases made on the card, and must ensure that VAT receipts are sent to the Finance team, along with the completed monthly summary. This must be signed by both the card holder and the authorised member of the finance team.

Cards are restricted for withdrawal of cash.

Cards must never be used for personal use.

Cards are issued in the name of the individual to whom the card is allocated.

Cards are retained securely by the individual and the usual personal security rules such as keeping PIN and card separate are applied. (The card holder has sole responsibility for its use).

In the event of a credit card being lost or stolen, the card holder must inform the finance department by email without delay.

In order to maintain adequate separation of duties, card statements are reconciled to expenditure receipts/invoices by the Finance Officers, independently of the card holder. Expenditure is then verified by the finance team and discrepancies investigated.

Card statements are received in the finance office and matched to any receipts that have been previously received.

Missing receipts are reported to the Head of Finance/Finance Manager and discussed with the Credit Card holder and may lead to the removal of the privilege of holding a card.

The costs will be recharged to the academies as part of the monthly internal recharge

SECTION 5 – TENDERING & CONTRACTING PROCEDURES

The aim in contracting is to buy in a supplier or contractor who will provide Best Value to the Academy in the supply of goods or services. The decision for some services in deciding whether to contract may include the option to provide in-house or benchmarking the price of the contract by using the in-house cost to do the work.

Successful contracting should be the result of a robust tendering process and it is the aim that successful tenders are viable and not fail because the contractor has made insufficient provision in their tender for key elements of the service or work. Tenderers should therefore be thoroughly challenged, particularly where their bid is very cheap compared against the benchmark figure or against other competitors' bids. This may indicate that they have missed vital costs and should this not be picked up in the evaluation process and they are awarded the contract, it may lead to the contract being "frustrated" i.e. they cannot perform the service and they terminate or go out of business very soon after.

The procedure in the PLT Procurement Policy will be followed as necessary.

SECTION 6 – FINANCIAL CONTROLS

The importance of budgetary and financial controls in the overall management of the Academy cannot be overstated. Good financial controls ensure that the Academy runs on a sound financial footing and helps to ensure that the budget is managed effectively and efficiently with the use of resources achieving best value.

6.1 System Access

Entry to the system is password restricted and passwords should be regularly changed every three months and they are kept individual, (not shared), confidential and in a secure format.

Access to the component parts of the accounting system can also be restricted and the Head of Finance is responsible for setting access levels for all members of staff using the system.

6.2 Elements of Control

The Academy ensures the following elements of good budgetary control are adhered to;

- a detailed budget is approved by the Trust Board at the start of the financial year.
- the plans and assumptions underlying the approved budget figures are clearly understood and documented.
- the responsibility for managing each element of the budget is allocated to an appropriate member of staff who accepts and understands his/her role as a budget manager.
- the Academy Finance staff are suitably qualified and trained and have a clearly understood role.
- a computerised financial system is used to record committed and actual expenditure against the allocated budget.
- a process is in place for reconciling transactions appearing on the Academy bank statements.
- expenditure and income are regularly monitored and budget monitoring statements are provided to the Governors/Trustees/Members' Trust Board.
- potential over / underspends are identified and appropriate action is taken.

6.3 Financial Control Checks

The range of controls covers a wide spectrum from ensuring staff are paid in accordance with their contracts of employment to making sure all cash collected can be accounted for.

Without proper checks and controls; staff could be over or underpaid, goods and equipment misappropriated or items stolen without knowledge, payments made for services which were

not provided or where the Academy has been overcharged and generally money wasted if best value is not being secured.

At its worse, having no controls invites the Academy to be open to fraud by contractors and staff and at its best the Academy cannot be sure that it is spending the resources correctly and wisely.

As well as the external controls from reviews carried out by our auditors, which helps the Academy to account for its resources and strengthens controls, a number of internal checks and controls are carried out by officers; for example ensuring approval is obtained in advance for all financial commitments, monthly payroll checking, staff ordering goods are not the same staff who check and sign for the delivered goods, invoice and cash checking etc.

As a further internal check, the Finance Team routinely undertake a review of procurement and payments, comprising a random sample of orders raised and invoices paid. The review tracks the process back from the payment to the order, with the aim being to ensure payments are made in line with financial regulations and also to check on the type and level of goods and services being purchased by the Academy.

6.4 Financial Records

Parallel Learning Trust maintains the PS Financials (PSF) computerised financial management system which records the committed / actual expenditure and income against the appropriate budget allocations and in line with ESFA Reporting format requirements.

Commitments are recorded by the Finance Team as they arise e.g. cost of orders and estimated cost of supply teachers. These estimates are amended as and when the actual costs are known. Similarly, planned income due to the Academy is recorded and amended once the charge has been clarified.

Monthly reports from the Academy's finance system are issued to budget holders within the Academy. Budget holders check the details shown on the report and raise any queries with the Academy's Finance Office.

6.5 Separation of Duties

To protect staff and to minimise the risk of fraud, the Academy ensures that there are clear lines of separation between staff ordering goods and services, the receipting or acknowledgement of delivery and the certification / payment process. Similarly, with income no one person is in a position to issue invoices, receive payments and monitor and chase unpaid invoices.

6.6 Month end procedures

On approximately the 7th of each month the previous period will be closed to Finance Officers and no more invoices will be entered.

On approximately 14th of each month the previous period will be closed to all members of the Central Finance Team. There are a number of tasks and checks that need to be completed

before the period is closed. This will ensure that the books are accurate and up to date and that any anomalies are identified and acted upon quickly.

Accruals and prepayments and deferred income will be processed before the period is closed, including any items above £1,000.

6.7 Bank accounts

The proper administration of bank accounts is a fundamental financial control and regular bank reconciliations are essential.

Accurate reconciliations in a timely manner prove that cash balances are correct and provide assurance that the underlying accounts have been properly compiled and are accurate.

Robust controls for the operation of bank accounts have been established incorporating the following control features-

- The opening and closing of bank accounts are authorised by the CEO/Head of Finance, who set out the arrangements for the operation of the accounts including any transfers between accounts.
- There are at least two authorised signatories.
- Two authorised signatories are required for all withdrawals and payments made from bank accounts.
- Lloyds Commercial Banking Online enforces a dual authorisation threshold for all outside payments.
- Limits are in place to allow Chief Financial Officer to authorise payments up to £20,000. Payments up to £50,000 can be dual authorised by the Deputy CEO/Head of Finance/Finance Manager.
- All cheques are crossed "account payee only".
- Cheques should not be pre-signed.
- Unused cheque books should be retained securely.
- Bank reconciliations should be performed at least monthly from bank statements to accounting records and any reconciling items should be resolved.
- Bank reconciliations should be reviewed and countersigned by an independent person who understands the reconciliation process.
- Where practical, persons responsible for performing bank reconciliations should not be responsible for processing of receipts and payments

6.8 Bank reconciliations

The Central Finance Team performs the bank reconciliations back to the accounting system by the 14th of each following month, a copy of the bank statement and bank reconciliation report are then passed to a senior finance team member for certification.

An electronic print is kept of any un-reconciled items, which is annotated to identify items of expenditure over six months old with reasons for why they might be outstanding, or income receipts over one week old.

A copy is included within the month end schedules.

6.9 Risk protection / Insurance

Risk Protection is covered for all Academies under the (Risk Protection Arrangements) RPA scheme operated by the ESFA.

For items not covered by the RPA, such as vehicle insurance, this is purchased under the Trust and all Academies are incorporated to ensure adequate insurance cover to support its activities and to comply with statutory requirements.

The Employer's Liability Insurance Certificate will be displayed in the Reception area of each individual Academy.

6.10 Year End

Academy Trust Accounting Officers are required to submit their audited year-end accounts to the Education and Skills Funding Agency (ESFA) by 31 December each year.

The ESFA will issue an annual Accounts Direction no later than the end of May, prior to the end of the financial year to which it relates, to assist academy trusts in producing accounts in the required format and to ensure regularity.

The latest Accounts Direction includes an example "Statement of Accounting Policies" which can be tailored to suit the establishment.

<https://www.gov.uk/government/publications/academies-august-accounts-return-template-and-guide>

It is a condition of academy trusts' company and charitable status that they must file their annual accounts with Companies House for public access, and provide a copy of the accounts to anyone who requests them.

Trusts must also publish the annual accounts on their website no later than the end of January following the financial year to which the accounts relate.

Academy Trusts must make arrangements to submit their audited financial statements, management letter and value for money statement on or before 31 December annually and details can be downloaded here <https://www.gov.uk/academies-financial-returns>

Academy trusts must publish the Accounting Officer's value for money statement on their websites by the end of January following the financial year to which the statement relates; the ESFA will also publish this.

Statutory year end accounts are submitted to Companies House by 31 May each year; a copy of which is also sent to the Education and Skills Funding Agency.

The academy has in place an accounts preparation and audit timetable that enables them to meet this deadline which will be issued by the Head of Finance annually.

Accounts are submitted to the ESFA by email, as a signed pdf file, to

AcademiesFinancialMonitoring.ESFA@education.gsi.gov.uk. Evidence of receipt should be sought and kept for audit purposes.

SECTION 7 – INCOME

The finance team shall work with all academies to ensure that all income is accurately accounted for, promptly collected and banked intact.

If cash is brought in parents are asked to bring monies in a sealed envelope marked with their name, form/class group and reasoning.

All academies shall ensure that procedures are in place for a suitable receipt to be given when cash is handed over from one person to another.

The Finance Officers, or designated staff member in some academies, will ensure all cash is counted once a week in a secure office with two people present. The cash will be reconciled back to the receipts held at the Academies.

Cash sums received in envelopes are initially stored in the safe or securely in a cash tin.

Income is recorded in the finance system by the Finance Team. Once counted, income should be posted onto PSF and stored in the safe until it is banked. Once banked a Paying-in Slip document must be posted and allocated against the relevant income.

Once reconciled to the receipt book, cash and cheque values are entered into the bank paying in book and taken to the bank under dual control.

The main sources of income into the Academy are as follows -

General Annual Grant (GAG) Funding

- School Budget Share/High Needs Funding from the ESFA

Other ESFA Grants

- Rates rebate funding
- Pupil Premium and Recovery Premium
- PE and Sports Funding
- Universal Infant (Free School Meal) FSM Funding

Other Government Grants (OGG)

- LAC or Service Children Pupil Premium
- SEN Top-up Funding
- SEMH Funding

Restricted

- Catering (may also be unrestricted)
- Examination fees.
- Donations (may also be unrestricted)
- Trip Income

Unrestricted

- Bank interest
- Lettings
- Vending machines
- Photograph commission

Capital

- Devolved Formula Capital
- Other Capital grants

In addition to the income provided by the ESFA, the Academy may receive important contributions to help the functioning of the Academy from lettings, voluntary contributions and income from sales and other charges. In support of this income and to ensure it is managed appropriately, the Academy operates on the following principles-

- the Trust Board agrees the charging procedures for the Academy and the charges are reviewed annually
- the overall lettings income raised from hire of the Academy's premises cover as a minimum the Academy's cost to run the premises. Within this, a discounted charge operates for some users at the discretion of the Trust Board / Chief Executive Officer/Head of Finance.
- the income generated from the letting of the Academy's premises is credited against the Academy's lettings income budget
- invoices are issued in all cases where money is owed to the Academy
- a separation of duties is in place where no one person is in a position to issue invoices and receive payments
- all income due to the Academy is collected, recorded, locked in safe and banked without delay. Banking is carried out weekly if required.

7.1 Income from Lettings

Organisations wishing to hire the Academy's premises will be asked to sign the standard hire agreement form. The form specifies the terms and conditions of the letting including insurance arrangements. This form is then authorised by an appropriate member of staff and then filed.

Where possible, and in particular for one-off lettings, income will be collected before a letting takes place.

Income received (excluding VAT) is recorded on the Academy's financial system against the lettings income budget.

Outstanding invoices are monitored on a regular basis and debts pursued.

7.2 Writing-Off Debts

If the Governors/Trustees/Members decide that legal action would not be successful or cost-effective, the debt will be written off and this decision is recorded in minutes of the relevant meeting.

As per the Academy Trust Handbook, The academy trust must obtain ESFA's prior approval for the following transactions beyond the delegated limits described below:

- writing-off debts and losses;
- entering into guarantees or letters of comfort; and
- entering into indemnities which are not in the normal course of business

The delegated limits, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous two financial years. This category includes new trusts that have not had the opportunity to produce two years of audited accounts.
- cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous two financial years.

The decision by the Finance, Resource and Premises Committee or Trust Board is recorded in the minutes of the relevant meeting and a written request will be made on behalf of the F,R & P Committee or Board by the senior finance team to the ESFA to approve the write off, if necessary. The request for write off provides full details of the debt including the action already taken by the Academy to recover the money.

7.3 Other Types of Income

If donations and contributions are received from sources such as the Academy voluntary fund, PTA, or members of the local community, the income received is recorded on the Academy's financial system against the appropriate income heading.

If income is received in the form of sponsorship, the Academy will account for VAT on the sums received if appropriate.

The Academy may receive income from the sale of equipment or materials. Items purchased with the intention of selling them on to pupils or parents e.g., Academy uniform, are processed through the Restricted Fund in PSF. Academy equipment is only sold if it is clearly no longer of use to the Academy. A reasonable price is sought when selling equipment, particularly if the equipment is sold to a member of staff, in such cases approval must be given by the Chief Executive Officer. Should the beneficiary be the Chief Executive Officer, then referral for approval must be to the Chair or Vice Chair of Governors/Trustees/Members.

If at any stage the Academy buys into insurance cover for staff absent on sick leave it will ensure claims are presented promptly in all cases where they are entitled to reimbursement. When the reimbursement is received it will be credited to the appropriate income code and not credited against the supply teaching budget.

An official receipt with pre-printed sequential numbers for control purposes is completed for all cash received.

Cash is counted and a receipt raised/issued when the sealed cash envelope is opened. Any discrepancies are immediately dealt with by Finance Office staff with the depositor. A member of staff handing cash to another member of staff who is not a member of the Finance Office, must ensure the cash is counted and agreed at the time of handover and will obtain a signature in order to discharge their responsibilities for the cash.

For other forms of remittances, acknowledgements will be by the completion of a receipt for immediate entry directly into the appropriate accounting record (PSF).

All monies are held securely in the Finance Office safe until it is banked. The safe keys are held by the Finance Office. Cash boxes are locked and kept in the safe.

Banking takes place weekly or as required. Monies collected are banked intact and personal cheques are not to be cashed from monies collected.

Following each banking, the Academy Finance Team should ensure the amount banked agrees with the appropriate Academy records e.g., receipts, remittance lists etc.

7.4 Accounting for Income

All income received is entered on to the Academy's financial system against the appropriate income code. The Academy's record of income received is reconciled to bank statements and to the Academy's accounting reports. Transactions on the bank statement and the accounting reports are ticked as they are reconciled and the person performing the check signs and dates the statements / reports as evidence that the checks have taken place. Any discrepancies are queried with the bank as appropriate.

To ensure the correct treatment of income it is not credited against an expenditure code. The exception to this rule relates to refunds arising from over charging or the return of faulty goods. Such refunds are credited against the code that was used to record the original payment.

In setting the budget at the start of the financial year the Academy includes a realistic estimate of income. If, part-way through the financial year, it is clear that actual income is going to be significantly different to the original estimate the Academy will consider a revision to the forecast. Re-forecasting the received money within the budget would be appropriate, for example, if an unexpected donation is received and Governors/Trustees/Members decide to spend the money on new equipment. In such cases a revised forecast will be processed to increase the income budget and increase the equipment budget without affecting the bottom line of the Academy's budget.

SECTION 8 – PAYROLL

The Teaching and support staff employed by the Academy accounts for nearly 80% of the Academy budget and as such it is very important that salary costs are effectively planned and controlled. The Academy in controlling salary costs ensures where applicable

- all salary payments and expense related expenditure are made only to bona fide employees.
- all salary and expenses payments are in accordance with statutory regulations (minimum wage) and national agreements , are fully documented and authorised.
- salary payments processed through the payroll are accurate and reconciled to local records.
- arrangements are in place to ensure both statutory and voluntary deductions, including income tax, national insurance, pension contributions, student loans and court orders etc are properly administered when being paid directly to 3rd parties.
- documentation relating to staff salary and expense payments is held securely and remains confidential.
- all third party payments in respect of salary deductions are reconciled and payment is made in accordance with statutory or pre-determined timescales
- details of the approved certifying officers for pay and overtime payments are sent to the payroll provider.

8.1 The Academy's Personnel Code of Practice

The Chief Executive Officer has delegated authority from the Trust Board for the recruitment and agreeing salary levels for all staff within the authorised establishment. The Chief Executive Officer's salary arrangements are the responsibility of the Pay Committee and decisions are recorded in the minutes of the relevant Trust Board meeting and changes are signed by the Chair and sent to the payroll provider. All matters relating to pay progression within the Executive Leadership Team (ELT) must be referred to the Trust Management Board for approval.

The Academy's Personnel administrator is responsible for administering payroll and staffing requirements in line with the respective conditions of service and for maintaining the Academy's personnel procedures handbook, covering leavers and starters, annual leave, maternity leave, sickness etc. A record of all employees and their pay points is maintained and a copy is given to the Academy Finance Team to reconcile the payroll transaction report from the provider to the budget and to report immediately on errors. Once reconciled the Academy Business Manager signs the report.

SECTION 9 – TAXATION

Taxation can be and very often is a complex area in relation to the Academy's accounting arrangements for VAT and the Construction Industry Scheme (CIS). The Academy has to ensure it conforms to tax legislation otherwise it may be liable for penalties, which would then deplete the funds available for student learning.

The Academy fully adopts the ESFA's procedures and guidance on taxation – please see their website for full details. A summary of the Academy's treatment of tax is given below.

9.1 Value Added Tax – VAT

The Academy's Finance Office ensures that proper VAT invoices are paid i.e., the invoice contains

- an identifying number
- the name, address and VAT registration number of the supplier
- the date of invoice or supply
- the Academy's name and address
- a description of the goods and services and the quantity supplied
- the charge made excluding VAT, and the rate of VAT applicable
- the total charge excluding VAT
- the rate of any cash discount offered
- the total amount of VAT payable

The invoice must be an original, not a copy. If exceptionally, the original invoice is not available, a copy, certified by the invoice originator as a true copy may be used. No photocopied/faxed invoices can be accepted.

With purchase from shops (till receipts), staff are to request a VAT receipt.

The only occasion when the Academy will reclaim VAT without the need for a tax invoice is when the supplier is known to be VAT registered and the value of the transaction including VAT is £25 or less with the expenditure relating to car parking charges (excluding meters) or telephone calls from public / private telephones or purchases through coin operated machines.

Where the VAT invoice is incorrect, this must not be altered manually. If the VAT is miscalculated, the invoice will be paid as it stands if the error on VAT is 20 pence or less. Otherwise, the supplier will be contacted and asked to supply a corrected invoice.

SECTION 10 – ASSET MANAGEMENT

The Academy's property value is currently assessed at around **£27mil**. Factor in the value of furniture, equipment and IT etc then the responsibility for safeguarding and deploying the assets correctly is a high one for the Trust Board, Chief Executive Officer, all staff and students. The importance of safeguarding assets very much applies to the information held within systems such as student and staff records, whether in hard format or on computer.

10.1 Asset Register

A register is maintained by the Academy and overseen by the Academy Finance, IT or Premises team. The Academy's operate a procedure where the inventory will contain all movable equipment which costs or is valued in its current condition at more than £100 or is attractive and portable and is not in store. Any new items of furniture and equipment are added to the register. The information held covers description, make and model, serial number (if applicable), the location, whether security marked, purchase cost, the useful life expectancy where appropriate, details of write-off and the date / signature of the recent asset check. An annual Asset Register check will be undertaken.

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10.2 Risk Management

The safeguarding of assets falls within the overall Academy procedures on managing risks. The procedures in place cover

- Ensuring windows are closed, blinds drawn and doors locked when the building is not in use.
- The safeguarding of keys and access points to the Academy.
- The activation of security alarms at the appropriate times and kept properly maintained.
- Ensuring visitor access to the Academy is controlled and visitors are issued with identity badges and are accompanied while on the Academy premises.
- The visible security marking of equipment is maintained.

10.3 Disposal of Assets

The Chief Executive Officer / CFO will ensure the best possible price is obtained from the disposal of any assets, which are obsolete or no longer serves the purpose for which they were purchased. A record of the asset, brief reason for the sale and the price obtained will be recorded in the asset register. Should the value of the surplus asset be over £100, approval for the sale will be given by the Finance, Resource and Premises Committee. The Chair will sign the item(s) approved for disposal.

Obsolete furniture & equipment will be written-off in the asset register and the goods disposed of where there is no residual value or where the cost to sell is likely to exceed the income to be received from the sale. Details of obsolete items disposed of in this way will be periodically reported to the Trust Finance, Resource and Premises Committee.

The officer undertaking the annual Asset Register check will countersign that he/she have checked the write-offs in accordance with the above procedures.

10.4 Equipment Loan

Where equipment is loaned to students or staff, approval to the loan will be given by an authorised staff member, who will record in a "loan book" details such as the date, the equipment details, borrower's details / signature, date of return / signature from borrower and signature of the authorised officer of the safe return.

10.5 Control and Security of Data

Information held manually or on computer files relating to students and staff, is safeguarded in line with the Data Protection Act 1998 and Freedom of Information Act 2000 and GDPR.

- all data containing personal information is kept secure and is only collected and used for valid reasons
- the data will be adequately maintained in order to ensure accuracy
- the data is not disclosed to unauthorised persons

The Academy ensures that it keeps within the law on software copyright by not making unauthorised copies of software or knowingly let others make unauthorised copies of software. The SLT or delegated nominee will carry out periodical checks to ensure that software copyright is not breached. These checks include

- newly purchased software is licensed
- no unlicensed software has been loaded onto Academy machines
- a review of the use of personal data

In addition, the Academy ensure it complies with the Computer Misuse Act, which defines three categories of unlawful access to information systems by ensuring

- no unauthorised access to programs or data
- no unauthorised access with intent to commit or facilitate a serious offence
- no unauthorised modification of computer data or programs

To minimise the possibility of unauthorised access the Academy ensures

- all computers are switched off when not in use unless there are operational reasons to leave them on
- portable computers and disks/sticks are locked away when they are unattended, particularly at night
- all disks are labelled and stored securely in a fireproof safe
- computer printouts containing personal or confidential information are locked away. The disposal of printouts are dealt with as confidential waste
- back up copies of data on disks or tapes and taken and stored offsite if they contain critical information
- more than one person is proficient in the operation of a system to maintain continuity in the event of the departure or absence of the main system operator
- anti-virus software is loaded onto the Academy's computers and the software is kept up to date
- secure logging-in arrangements (user ID / password) are maintained to prevent unauthorised access, and passwords are changed periodically

SECTION 11 – INSURANCE

The Trust Board, Chief Executive Officer and Senior Team, promote a culture of risk management awareness throughout the Academy. Making students and staff aware of the risks that can; threaten injury or death, cause damage or destruction to property or the serious interruption of the Academy is an important part of the Academy's risk management strategy.

The purchase of insurance underpins the strategy and helps to safeguard the Academy's assets and resources.

11.1 Insurance Arrangements

The Academy arranges its insurance through the ESFA Risk Protection Arrangement. The procedures provides cover for the Academy for the following main areas of risk

- Property damage (buildings & contents)
- business interruption and consequential loss
- contract work
- money
- fidelity guarantee (to cover losses due to fraud or the dishonesty of employees)
- employer's liability, public liability and product liability
- Governors/Trustees/Members liability and professional indemnity
- libel and slander
- legal expenses (for employment disputes)
- personal accident (and assault on staff) and corporate manslaughter

Appendix 1

Management Accounts



Location		CEN		Parallel Learning Trust		Full Year Budget		BUDGET	Budget				
Current Period		2020/21.01		September 2020		Full Year Forecast		FORECAST	Forecast	BUDGET	BUDGET		
	Current Period			Year to Date				Full Year					
	BUDGET	Actual	Variance	BUDGET	Actual + Commitments	Variance	% annual budget spent	Budget	Forecast	BUDGET	Variance (AST vs GET)	% original budget forecasted	
Revenue Income													
A0	GAG funding	21,566	21,888	322	21,566	21,888	322	8%	257,661	0	257,661	257,661	100%
A1	Other EFA/DFE Grants	0	0	0	0	0	0	0%	0	0	0	0	0%
A2	Other Govt Grants	41,171	40,991	(180)	41,171	40,991	(180)	8%	491,894	0	491,894	491,894	100%
A3	Private Sector Funding	0	0	0	0	0	0	0%	0	0	0	0	0%
A4	Other Income	1,017	829	(188)	1,017	829	(188)	7%	12,146	0	12,146	12,146	100%
											0		
	Total Income	63,754	63,708	(46)	63,754	63,708	(46)	8%	761,700	0	761,700	761,700	100%
Revenue Expenditure													
B0	Teaching Staff	33,310	30,398	2,912	33,310	30,398	2,912	9%	334,157	0	334,157	(334,157)	100%
B1	Educational Support Staff	20,444	20,168	276	20,444	20,168	276	8%	247,037	0	247,037	(247,037)	100%
B2	Premises Staffing	4,148	4,716	(568)	4,148	4,716	(568)	9%	50,187	0	50,187	(50,187)	100%
B3	Admin Staffing	9,258	7,320	1,939	9,258	7,320	1,939	7%	98,913	0	98,913	(98,913)	100%
B4	Other Staff	0	0	0	0	0	0	0%	0	0	0	0	0%
B5	Agency Staff	0	0	0	0	0	0	0%	0	0	0	0	0%
	Total Staffing Expenditure	67,159	62,600	4,559	67,159	62,600	4,559	9%	730,293	0	730,293	(730,293)	100%
C0	Maintenance of Premises	0	0	0	0	0	0	0%	0	0	0	0	0%
C1	Other Occupational Costs	3,871	6,488	(2,617)	3,871	6,488	(2,617)	14%	46,253	0	46,253	(46,253)	100%
D0	Educational Supplies and Services	1,752	837	916	1,752	837	916	4%	20,938	0	20,938	(20,938)	100%
E0	Other Supplies and Services	24,383	31,784	(7,401)	24,383	35,384	(11,001)	12%	291,310	0	291,310	(291,310)	100%
F0	ICT Costs (Non Capital)	5,038	4,662	375	5,038	4,662	375	8%	60,190	0	60,190	(60,190)	100%
G0	Staff Development	1,599	1,225	374	1,599	2,173	(574)	11%	19,100	0	19,100	(19,100)	100%
G1	Indirect Employees Expenses	160	0	160	160	0	160	0%	1,913	0	1,913	(1,913)	100%
H0	Other GAG Expenses	(47,528)	0	(47,528)	(47,528)	0	(47,528)	0%	(567,836)	0	(567,836)	567,836	100%
L0	Contribution to Capital	0	0	0	0	0	0	0%	0	0	0	0	0%
	Total Other Expenditure	(10,725)	44,995	(55,720)	(10,725)	49,543	(60,268)	-39%	(128,132)	0	(128,132)	128,132	100%
	Total Expenditure	56,435	107,596	(51,161)	56,435	112,144	(55,709)	19%	602,161	0	602,161	(602,161)	100%
	Total Revenue Surplus (+) / Deficit (-)	7,320	(43,888)	(51,208)	7,320	(48,436)	(55,756)	-30%	159,539	0	159,539	159,539	100%

Appendix 2

I accept that as accounting officer of The Parallel Learning Trust, I am responsible and accountable for ensuring that the Trust delivers good value in the use of public resources. I am aware of the guide to value for money statements published by the Education and Skills Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

I set out below how I have ensured that the Parallel Learning Trust use of its resources has provided good value for money during the academic year.

FINANCIAL GOVERNANCE AND OVERSIGHT OF THE TRUST FINANCES

The Trust Board/Governors approve the annual budget forecast of the Trust and review our admissions numbers/forecast and 3 year budget on an annual basis ensuring that we remain a “going concern” and facilitating future financial stability.

Parallel Learning Trust has a Finance, Resources and Premises committee that have delegated responsibility to monitor the financial performance of the Trust and report to the Board. Terms of Reference for the F, R & P Committee are reviewed and approved annually.

PUPIL PREMIUM

The Trust Board carefully monitors Pupil Premium expenditure and its impact on improving attainment for eligible students and Looked After Children. Use of this grant and its effectiveness is published annually on the Parallel Learning Trust website.

FITNESS FOR PURPOSE

Long term contracts are regularly reviewed and compared against other providers, in order to achieve the best price without compromising quality. We negotiate prices with our suppliers regularly and would renegotiate a lower price with the existing supplier if the benchmarking process identified the opportunity and the service provider/supplier had a good track record.

BENCHMARKING

Parallel Learning Trust benchmarks itself against other Academies of similar size, student numbers, staff numbers and costs whenever it can access the relevant information. The Academy programmes reviews of similar types of provision and size.

Appendix 3

Process Stage		
Purchase Order Requisition	Budget Holder	Head teacher
Purchase Order	Finance Asst	CFO/Head of Department (IT/Estates)/Finance Manager
Goods Received	Finance Asst	Confirmed with individual receiving delivery
Purchase Order Invoice Rec'd	Finance Asst	Finance
Non Order Invoice	Finance Asst	CFO/Headteacher/Head of Department (IT/Estates)
Payment Run	Finance Asst	CFO/Headteacher

See PLT Procurement Policy for Scheme of Delegated Financial Limits