



Finance Policy

Policy Tracker – Responsibility for monitoring this policy:
CFO
(Reviewed annually – date of next review September 2022)

Date of Review	Reviewed By:	Role	Date Approved by the Governing Board/Committee
14/09/2021	Vicky Glazzard & Carly Beale	CFO	Autumn 2021
28/07/2020	Vicky Glazzard & Carly Beale	CFO	Autumn 2020
01/10/2019	Vicky Glazzard & Carly Beale	CFO	Autumn 2019

Our trust

Hales Valley Trust is a Multi-Academy Trust ('the Trust'), which is run by the Trust Board and is accountable to the Department for Education ('the DfE').

The Directors on the Trust Board are appointed by the Members of the Trust.

Each School has its own Local Governing Committee (LGC)/ Education Advisory Group (EAG). The Governors who serve on the LGC/EAG are appointed by the Trust Board. They include both parent and staff representatives.

The way it works

The Trust Board has overall legal responsibility for the operation of the Trust and the schools within it.

This Scheme of Delegation provides for certain functions to be carried out by one or more of the following:

- the Trust Board; and/or
- the Chief Executive Officer ('the CEO'); and/or
- the Trust Central Executive Team; and/or
- the Head teacher of the **academy**; and/or
- the LGC/EAG of the **academy**.

The Trust Board

Many of the Trust Board responsibilities fall within the remit of the Terms of Reference for either:

- its Finance Audit & Risk Committee, or
- its Curriculum & Standards Committee

Where functions are to be carried out by a Committee this is identified in the Scheme of Delegation. If no Committee is mentioned the full Trust Board will deal with the matter.

Purpose of this Document

The purpose of these Financial Regulations is to provide control over the Trust's resources and provide management with assurances that the resources are being properly applied for the achievement of the Trust's objectives on a sustainable basis including:

- financial sustainability;
- achieving value for money;
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
- ensuring that the Trust complies with all relevant legislation; and
- safeguarding the assets of the Trust.

The Status of these Regulations

These regulations are applicable to all of our Academies and Central Office service provision.

The Finance Regulations are relevant to the Trust and Academy staff at all levels:

- All staff with duties involving financial management and administration should be made aware of the contents of this manual and have access to it.
- It is the responsibility of each central office head of service and Academy Head to ensure that staff follow the requirements of the manual.

The Accounting Officer (explained below) reserves the right to suspend and/or withdraw delegated authorities in whole or part where these regulations are not being adhered to. This would effectively withdraw authority to make expenditure on staff or other resources.

Compliance with these Regulations is compulsory for all staff. A member of staff who fails to comply with the Regulations may be subject to disciplinary action under the Trust's disciplinary policy. Any such breach will be notified to the Board through the Audit & Risk Committee.

In exceptional circumstances, the Audit & Risk Committee may authorise a departure from the Regulations but such a departure is to be reported to the Board at the earliest opportunity.

Organisation of Finances

Board of Directors

The Board has ultimate responsibility for the Trust's finances and it has put in place the structure outlined within this document to make sure this responsibility is met. It is specifically responsible for ensuring that the Trust's funds are used only in accordance with the following legal documents:

- The Funding Agreement; this is the specific legal agreement between the Trust and the Secretary of State governing funding arrangements, obligations of both parties and termination provisions
- The Academies Trust Handbook; this sets out the duties and obligations of all academy trusts which have a Funding Agreement with the Secretary of State for Education. The handbook, together with the Funding Agreement, describes the financial relationship between ESFA and Academy Trusts
- The Articles of Association; the articles set out the charitable objectives of the Trust the powers of the trustees and its governance arrangements
- The Employment Relations Act 1999
- Companies Act 2006
- Charities Act 2016
- Equality Act 2010
- The Education Regulations 2012

The main responsibilities of the Board as outlined in the Funding Agreement include:

- ensuring that the grant from the funding body is used only for the purposes intended;
- approving the annual budget;
- approving the scheme of delegated authority recommended by the Finance Audit & Risk Committee;
- appointing key members of staff (Academy Heads and the Trust Executive Team);
- establishing a committee to oversee finance, setting and varying its terms of reference and reviewing its work;
- establishing a committee to oversee audit, setting and varying its terms of reference and reviewing its work; and
- establishing a committee to oversee remuneration, setting and varying its terms of reference and receiving its reports.

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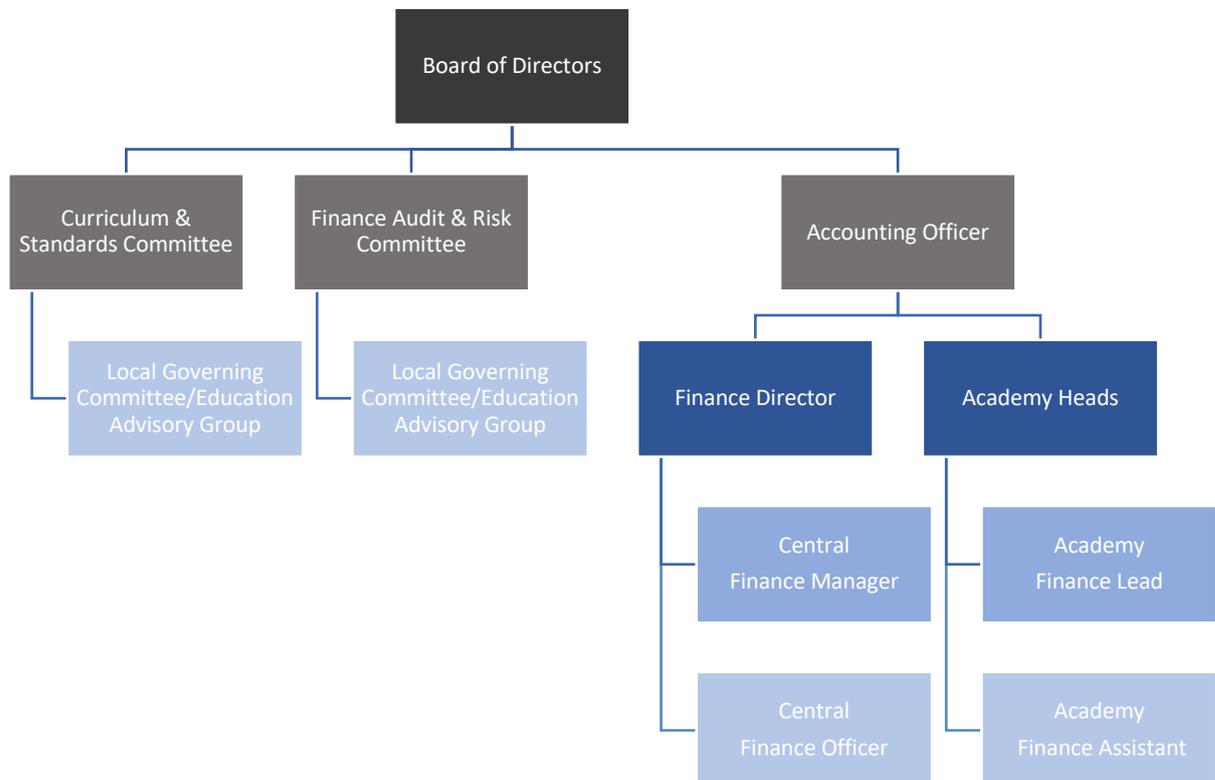
The Board has wide discretion over the use of the Trust's funds and is ultimately responsible for how they are deployed.

The members of the Board have statutory duties as Company Directors, which are set out in sections 170 to 177 of the Companies Act 2006. These comprise the duties to:

- act within their powers;
- promote the success of the company;
- exercise independent judgment;
- exercise reasonable care, skill and diligence;
- avoid conflicts of interest;
- not to accept benefits from third parties; and
- declare any interest in proposed transactions or arrangements.

Organisational Structure

In order to meet the financial management and internal control objectives outlined above and its wider responsibilities to the DFE, the Trust Board of Directors has established the following structure:



Finance Audit & Risk Committee

The key responsibilities of this committee are outlined in the terms of reference for Finance Audit & Risk and include:

- Ensure the highest standards of stewardship and propriety in the use of public funds and ensure proper accountability for the use of those funds.
- Ensure efficiency and value for money.
- Identify and record short and long-term risks to the operational stability of the Trust and to ensure that strategies are in place to mitigate those risks in so far as is reasonably possible.
- Ensure the Trust operates within the regulatory frameworks detailed in the Academy Trust Handbook.
- Oversee and approve the trust's programme of internal scrutiny.
- Ensure that risks are being addressed appropriately through internal scrutiny.
- Report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.
- To undertake any duties on behalf of the board in relation to health and safety matters.

The Chief Executive Officer

A significant number of responsibilities under the Scheme of Delegation lie with the CEO. It is recognised that the CEO may choose to delegate some of their duties to the Chief Finance Officer (CFO) and other staff in their team. This person is the key executive responsible for delivering the overall strategy of the Trust including its educational outcomes within the constraints of financial sustainability. This role leads on the deployment of resources on a day to day basis to meet these goals. This role is also described as the "Accounting Officer" within the Academies Trust Handbook.

The Accounting Officer reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:

- reviews management accounts
- reviews compliance against the scheme of delegation
- reviews transactions for evidence of connected party transactions
- value for money practice

The Chief Finance Officer

This role is responsible for keeping proper financial records, the delivery of the trust's detailed accounting processes and for the management of opportunities and risks.

The Chief Finance Officer is responsible for ensuring all returns required by the ESFA are accurate and submitted in accordance with required timescales. The returns include, but are not limited to:

- The Annual Report and Financial Statements (December)
- The Annual Accounts Return (January)
- The Budget Forecast Return Outturn (May)
- The Budget Forecast Return three year (July)

Academy Headteachers

The post of Academy Headteacher is responsible to the Trust Chief Executive Officer for the management of their school's finances. The Headteacher must ensure the requirements of financial governance set out in this Finance Policy (including policies referred to from within this document) and the Scheme of Delegation are adhered to, including taking responsibility for the academies financial position, ensuring that basic controls over the finances are in place and are operating, and making sure that all financial matters are conducted with due consideration for Regularity, Propriety and Value for Money.

Academy Finance Lead

The CFO and Academy Heads are supported by the School Based Finance lead. These individuals are responsible for the management of finance within their academy. They are responsible for ensuring that the Trust's Finance Policy and Scheme of Delegation are complied with at all times.

Scheme of Delegation

The Trust Board have agreed a Scheme of Delegation outlining the financial limits for staff involved in authorising financial transactions. Compliance with these Regulations is compulsory for all staff. A member of staff who fails to comply with the Regulations may be subject to disciplinary action under the Trust disciplinary policy.

Central Charges to Trust Academies

Academies will contribute an agreed percentage, see table below, of recurrent GAG income towards the cost of the Central team.

OFSTED rating as at last inspection	% Top Slice
Special measures	7%
Requires Improvement	7%
Good	5%
Outstanding	5%

The cost of the central team includes an Executive Leadership Team and bought-in services across the following areas;

- Finance
- Operations
- School Improvement
- Governance

From time to time the Central Office receives one off charges relating to individual Academies that are not included in the central charges, such charges shall be recharged to the academy in question.

Academy contributions will be reviewed and approved by the Board.

Openness and Integrity

Value for money

Value for money is achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the Trust's charge, the avoidance of waste and extravagance, and prudent and economical administration.

The Trust must get the best value for money from all our purchases: purchasing the correct quantity, with the appropriate quality, at the right time and at the best price possible. All purchases must be made in line with the [Procurement and Competitive Tendering Policy \(C6\)](#).

Regularity and propriety

As a publicly funded organisation and in line with our ethical approach, we must demonstrate the following principles:

- **Regularity:** The requirement to deal with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement and Academies Trust Handbook, and compliance with internal trust procedures. This includes spending public money for the purpose intended by Parliament.
- **Propriety:** The requirement to deal with expenditure and receipts in accordance with Parliament's intentions and the principles of parliamentary control. This covers standards of conduct, behaviour and corporate governance.

The Trust and all academies must ensure they adhere to the principles of regularity and propriety. It is the responsibility of all staff involved in requisitioning, ordering or approving of transactions, that they comply with the terms of the underlying grant and that they are for the benefit of the Trust and / or the academy.

Register of Business Interests

It is important that anyone involved in spending public money demonstrate that they do not benefit personally from the decisions they make. The Trust is committed to corporate transparency.

The Trust maintains a register of interests including relevant business and pecuniary interests of Board members, Academy LGC/EAG members, senior employees and other staff with significant financial authority or influence. The register of interests captures:

- directorships, partnerships and employments with businesses that provide goods or services to the Trust and its Academies;
- trusteeships and governorships including at other educational institutions and charities irrespective of whether there is a trading relationship with the trust; and
- for each interest: the name of the business, the nature of the business, the nature of the interest, and the date the interest began.

Relevant business and pecuniary interests of trustees are published on the Trust website and individual Academy websites. It is the responsibility of each Academy and the Central Trust to publish the latest register for the entire Trust on their websites.

The existence of a register of interests does not, of course, detract from the duties of Board members, Academy LGC/EAG Board members, and staff to declare interests whenever they are relevant to matters being discussed by the Board or LGC/EAG or

any duly established committee. Where an interest has been declared, those involved should not attend that part of any committee or other meeting.

Connected parties

As well as demonstrating propriety in its relationships, the Trust must be even-handed in their relationships with “connected parties” by ensuring that trustees understand and comply with their statutory duties as company directors to avoid conflicts of interest; not to accept benefits from third parties; and to declare interest in proposed transactions or arrangements.

Receiving gifts or hospitality

In order to protect all individuals associated with the Trust and the reputation of the Trust and its Academies from accusations of bribery or corruption staff, trustees, and governors must take extreme care that none of their dealings, directly or indirectly, could be deemed as a reward or benefit, in line with the Prevention of Fraud and Bribery Act 2010. This Act makes it a criminal offence to:

- offer, promise or give a bribe,
- request, agree to or accept a bribe
- (by an organisation) fail to prevent bribery by those acting on its behalf ('associated persons') to obtain or retain business or a business advantage for the organisation. Under this Act, a bribe is 'a financial or other advantage' offered, promised or given to induce a person to perform a relevant function or activity improperly, or reward them for doing so.

The Bribery Act 2010 came into force on 1 July 2011. The Act introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act which could mean a criminal record with ten years' imprisonment and unlimited fines.

The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest;
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

Staff should refer to the [Gifts and Hospitality Policy \(C4\)](#) for guidance on what is acceptable in terms of gifts and hospitality.

When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the CFO.

Fraud and corruption

It is the duty of all members of staff, management and the Board to notify the CFO immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. The [Anti-Fraud and Corruption Policy \(C1\)](#) sets out the organisation's zero tolerance of fraud.

The CFO shall immediately invoke the fraud response plan. If the suspected fraud is thought to involve the CFO and/or the CEO, the member of staff shall notify the Chair of the Board of their concerns.

Novel and contentious transactions

Novel payments or other transactions are those of which the Trust has no experience, or are outside the Trust's range of normal business activity. Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media. Novel and/or contentious transactions must always be referred to ESFA for explicit prior authorisation.

Whistle blowing

Whistle blowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistle blower can blow the whistle about crime, civil offences (including negligence, breach of contract etc.), miscarriage of justice, danger to health and safety or the environment or breach of the financial regulations and the cover up of any of these. It does not matter whether or not the information is confidential and the whistle blowing can extend to malpractice occurring in the UK and any other country or territory.

Normally, any concern about a workplace matter should be raised with the relevant member of staff's immediate line manager. However, the Trust recognises that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, may make this difficult or impossible.

A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the CFO. If the member of staff does not wish to raise the matter with the member of staff, or with the Chief Executive or the Chair of the Board, it may be raised with the Chair of the Finance Audit & Risk Committee.

The full procedure for whistle blowing is set out in the *Whistle-blowing Policy*.

Financial Planning & Month End Reporting

Financial Strategy

The CFO is responsible for preparing the Trust Financial Strategy for approval by the Board of Trustees. The Financial Strategy sets out the financial perimeters within which the Trust will operate. Underpinning this financial strategy are the individual budgets and forecasts of the Trust's Academies.

Setting the Budget and Three Year Forecast

It is the responsibility of the Academy Head to deliver a sustainable budget and three-year forecast.

The annual budget will reflect the best estimate of the resources available to each academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the Academy School Improvement Plan and the budgeted utilisation of resources.

The budget approval process provides Academies with a mandate to incur expenditure in line with the budget. Expenditure in excess of the approved budget is not permitted.

Financial planning of new areas of activity (areas other than core education funding)

The Trust promotes extended services to students and the wider community with new opportunities, linked to individual academy's specialism and the Trust's overall vision. For any new venture a plan should be prepared by the Head, considering the aims and objectives of the venture, in line with the individual academy and Trust ethos. This must carefully consider:

- the financial viability and sustainability of the venture; and
- the financial and non-financial risks posed as well as how these would be mitigated and, in the event of risk crystallising, how these would be dealt with by contingency and exit arrangements.

This plan will then need to be presented to the CFO and the CEO for initial review and consideration, and their Board for final approval. Subject to approval, the venture will then be included in the overall budget setting process for the academy.

Reserves

The Trust is largely funded by grants from the Department for Education, the use of which is regulated by its Funding Agreement. The Trust expects to use funding received from the Department for Education in the accounting year for which it is given with the following exceptions:

- Separately identify funds for significant projects that cannot be met by future income alone.
- Consider the Medium Term Financial Strategy and plan for use of reserves to meet expenditure commitments in the short and medium term.
- Providing short term funding to mitigate future funding turbulence as a result of national funding changes.
- Providing short term funding to meet expenditure commitments following the removal of funding protection to enable longer term decisions to be made.

Budgetary control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder (usually the Academy Head) who must ensure that day to day monitoring is undertaken effectively.

Significant departures from agreed budgetary targets must be reported immediately to the CFO and if necessary, corrective action taken.

Monthly Financial Reporting

A full set of monthly financial reports must be prepared on an accruals basis, by the Central Finance Manager, each month within 10 working days on the calendar month end. These will include:

- Monthly management accounts prepared on an accruals basis comparing actual versus budget. Management Accounts are prepared for each Academy and central team.
- Monthly consolidated balance sheet.

Financial Systems

Accounting system

All the financial transactions of the Trust must be recorded on the Trust's finance system.

All transactions input to the accounting system must be authorised in accordance with the Finance Policy (and associated sub-policies cross referenced from this document) and Financial Scheme of Delegation.

Access to the accounting system is password-restricted. The finance system (excluding the web-portal) should only be accessed by the following:

- The Chief Executive Officer (CEO)
- The Academy Head
- The Chief Finance Officer (CFO)
- Central Finance Staff
- Academy Finance Lead
- Auditors of the Trust who have been authorised access to the system by the CFO

The controls over security including passwords will be sufficient to protect the organisation's data.

Bank Accounts

The following procedures must be followed when opening a bank account and operating it:

- The Trust is responsible for selecting the banking institution and negotiating the terms and conditions
- The CFO and CEO must authorise the opening of all bank accounts
- The Academy must inform the CFO of any required changes to bank signatories (cheque or electronic). The CFO and CEO will authorise any changes and ensure they are communicated to the Trust's bank.
- Terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts is administered by the CFO and CEO
- It is the responsibility of the CFO to monitor cash flow for the Trust.

Deposits

A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:

- the amount of the deposit
- a reference (for example the sales/nominal receipt number and the name of the debtor)
- reference the cash collection bag number

The Academy Finance Lead is responsible for updating the accounting system (within 2 working days) for deposits placed.

Payments and withdrawals

All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signature of an authorised bank signatories (in accordance with the mandate).

This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy including funds held in trust.

Administration

The Academy Finance Lead ensures bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the academy's finance system
- reconciliations are prepared by the Central Finance Department
- adjustments arising are dealt with promptly

Bank reconciliations should be completed on a monthly basis and should be reviewed by the Trust's Central Finance Team.

Petty Cash

Petty cash has been withdrawn from Hales Valley Trust academies in favour of electronic payment methods (such as purchasing cards and BACS). The Trust does not permit cash transactions to be entered into. All income must be banked in its entirety and is not available to be used for cash payments.

BACS Payments

On receipt of an invoice, the Academy finance lead authorises the invoice for payment to signify:

- an official purchase requisition and authorised in line with the scheme of delegation
- the delivery note has been checked
- the delivery is of correct quantity, quality and price
- it has not been previously paid
- funds are available in the relevant budget
- VAT chargeability on qualifying expenditure is shown

The BACS payment is then prepared by the Central Finance Team where at least two of the signatories check to ensure that the bank and sort codes have been correctly entered and approves payment.

BACS payments are processed by the Central Finance Team every 2 weeks.

The Office Manger ensures evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Academy Finance Lead should request that the individual states his self-employment reference number on any invoice issued to the school.

Document retention

Finance records must be retained for current year plus preceding 6 years. All other documents are retained in line with the timescales set out the Trust's Document Retention policy.

The destruction of any financial records must be approved by the CFO and will never be permitted outside of the timescales described above. Destruction of financial records without permission is likely to result in disciplinary action.

Systems back-up and security

It is crucial that financial information held on computer is safely protected from unauthorised access and that it is backed up regularly. The Trust's finance system is held on a remote server which is subject to regular backups. The Trust Central Office and academies must ensure that other finance information is backed up on a daily basis. These backups will be stored offsite.

The Headteacher (or CEO in the case of the Trust Central Team) is responsible for ensuring that there is effective security and back up procedures for the system and for seeing that the Trust's computer systems are protected against virus attack and other malware.

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All Trust academies and the Central Team must comply with the requirements of the Data Protection legislation and the Board is responsible for ensuring that the Trust is properly registered in accordance with such Data Protection Legislation as shall be in force.

The Board should ensure that there is a Business Continuity Plan to ensure continuity of financial administration in case of emergency.

Income

The main sources of income for the Trust are as follows:

- Grants from the Education, Skills and Funding Agency (ESFA)
- Grants from the Local Authority
- Nursery income
- Club income
- Lettings income

It is the responsibility of the Academy to ensure that income is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. The Academy must ensure it complies with the Trust *Income and Debt Management Policy (C9)* in respect of all incoming resources.

Debt recovery and write offs

The Academy should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made.

The Academy should only consider writing-off losses after careful appraisal of the facts, including whether all reasonable action has been taken to effect recovery from the debtor.

External aged debtors:

- The Academy should establish a sales ledger account and produce sales invoices for lettings and miscellaneous income.
- Unpaid accounts must be chased up on a regular basis. A review of outstanding debts will form part of the monthly Academy finance review meeting.

Pupil debts (e.g. catering income, trip income):

- The Academy staff should maintain an up to date record for each pupil showing the amount paid and the amount outstanding.

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- An outstanding balances report should be printed each month and the appropriate steps should be made to chase outstanding debt.
- Outstanding debts should be chased by a member staff who is not involved in the day to day cash collection and recording.

Requests to write-off debts in excess £5,000 must be referred to the CFO, in writing, for submission to the Board of Directors.

Similarly, debts in excess of £1,000, but below £4,999, must be referred in writing to the CFO for submission to the Finance Audit & Risk Committee for consideration.

Debts below this level may be written off with the permission of the CFO.

In accordance with the Academy Trust Handbook, the Trust must obtain prior approval from the ESFA to

- write-off debts and losses; and
- entering into guarantees, letters of comfort or indemnities.

The delegated limits, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction

Payroll, overtime and expenses

The staff structure for each Academy and the Trust Central Team will be approved by the Board on an annual basis alongside the academy strategic plan and budget. Changes can only be made to this structure in accordance with the Scheme of Delegation.

Each year the Trust Central Team will issue a timetable for payroll processing. Data input to the payroll system must be undertaken by the Trust Central Team/external payroll provider, in accordance with the timetable.

The Trust will ensure that staff payroll arrangements fully meet tax obligations and comply with HM Treasury's guidance (including the Treasury's Review of the Tax Arrangements of Public Sector Appointees).

Staff appointments and hiring

Authority to recruit/replace staff within the authorised structure must be carried out in accordance with the Scheme of Delegation. Appointments within central team, above the agreed staffing structure, must be approved by the Board of Directors.

When there is a vacancy due to an employee leaving an Academy, it is the Headteacher's responsibility to inform the Central Team and, in conjunction with both Central Finance and Central Operations, review the vacant position and assess

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whether the vacancy requires to be filled. The role, and its fit within the structure of the Trust, should be included in this review.

Where an increase in pupil numbers generates the need for additional Academy-based staff, it is the Headteacher's responsibility to assess the level and nature of that need. The Headteacher should report the conclusions of that assessment to the CFO (acting on behalf of the Trust Board) and seek approval for any increase in the number of posts. It is anticipated that this would normally form part of the annual budget process. For non-Academy-based staff it is the responsibility of the Chief Executive Officer to assess the level and nature of the need for additional staff. Decisions on such additional staff will be made by the Finance Audit & Risk Committee.

Payroll Administration

The trust and academy payroll is administered by Prospect Payroll part of Shaw Trust Services Ltd.

All staff members are paid monthly by BACS payments via Shaw Trust Services Ltd. A master file for each employee is held by Shaw Trust Services Ltd. and includes:

- salary;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable.

The Central Operations team is responsible for all adjustments to payroll. This includes new starters, leavers etc. Any amendments made by the Central Operations Team must be authorised in accordance with this Finance Policy ("Staff appointments and hiring") and Scheme of Delegation

Monthly pre-pay reports are generated by Shaw Trust detailing payments due to employees. Reports are reviewed and approved by the Central Operations Team in line with the payroll timetable.

Data is checked against source documentation and authorised in line with Scheme of Delegation.

Salary advances

The Trust does not award salary advances.

Overtime

Overtime is recorded by the individual and submitted to the Office Manager, via HR Management Information System, who checks the overtime details. The Office Manager will then review and authorise the claim, following consultation with the budget holder.

Claims must not be submitted prior to work having been undertaken.

No payments for work undertaken will be made other than via the payroll system.

Payments

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net report and BACS payments for these amounts are automatically processed by Shaw Trust Services Ltd.

After the payroll has been processed the nominal ledger will be posted by the Central Finance Manager.

Severance payments

Severance payments shall only be made in accordance with relevant legislation and funding body guidance including the Academies Trust Handbook. Professional advice should be obtained where necessary.

Any individual payments with a value of less than £10,000 Gross Pay, shall be authorised by Finance Audit and Risk Committee.

Any individual payments with a value greater than £10,000 Gross Pay, shall be authorised by the board of Directors.

Where the Trust is considering severance payments in excess of the statutory or contractual entitlement by the threshold set by the funding body (£50,000 by the Education and Skills Funding Agency in the Academies Trust Handbook), prior approval must be sought from HM Treasury via the funding body.

Purchasing and tendering

These Regulations distinguish between the authorities in the budget cycle and the purchasing cycle:

- **Budget cycle** – Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.
- **Purchasing Cycle:** within the approved budget, authorisation is as follows:

Order Input	£0 - £300	£301 - £3,000	£3,001 - £10,000	£10,001 - £20,000	£20,001 +
Academy Finance Assistant	Academy Office Manager	Finance Manager	Academy Head Teacher	Chief Finance Officer	CEO

Please note:

- Purchases over £25,000 will require a tender process
- Transactions over £25,000 must be authorised by the Board of Directors.

All purchases must follow the rules outlined in the Scheme of Delegation and the [Procurement and Competitive Tendering Policy \(C6\)](#).

Prior to orders being placed the Academy Finance Team must ensure they have evidenced authorisation in accordance with the Scheme of Delegation and quotes / tenders in accordance with the [Procurement and Competitive Tendering Policy \(C6\)](#). All purchases should be processed through the ordering portal of the Finance System. The only exceptions to this are genuine non-order purchases such as:

- Utility costs
- Supply cover for sickness (all sickness cover should be authorised by the Head and time logged to ensure invoices can be authorised accurately)
- Rates
- Rental costs
- Lease costs or other contracts
- Telephone, mobile and internet charges
- Motor Vehicle costs such as fuel
- Items purchased via the purchasing card

Credit cards

Oversight of the use and control of the Trust's credit cards is the responsibility of the CFO. There will be appropriate oversight of the distribution of such cards and the associated card limits.

Where credit cards are issued, they are to be used as a *last resort* for transactions that fall outside the normal procurement process.

Holders of cards must use them only for the purposes for which they have been issued and within the authorised purchase limits in accordance with the [Credit Card Policy \(C3\)](#) and Scheme of Delegation. The misuse of such cards shall be grounds for disciplinary action.

Use of credit cards must not conflict with any restrictions on borrowing set out in their funding agreement.

Cash and banking

In order to ensure that the Trust's cash is safeguarded, the [Cash Management Policy \(C2\)](#) should be adhered to in respect of:

- Payment, withdrawals and deposits
- Bank reconciliations
- Petty cash

New Suppliers

All new suppliers entered onto the system should be entered by the Central Finance Team. All details should be verified directly with the supplier (by calling directly) to ensure all necessary details are accurate.

Each new supplier entered onto the system is subject to monitoring by both the central finance team and internal audit.

Journal adjustments

In the overall accounting framework, we understand that the focus should be around reconciliation and review. However, we recognise the need for the use of journals to make corrections and reallocate revenue/ costs between nominal codes and cost centres where necessary. There may be some occasions whereby adjusting entries are required between the income statement and balance sheet.

All journals are to be posted by the Central Finance Manager which are then approved on a monthly basis by the CFO.

VAT

Value Added Tax (VAT) is a tax on the sale of goods and services. The tax is administered by Her Majesty's Revenue and Customs (HMRC). VAT on purchases is known as input tax with VAT on sales known as output tax.

The Trust acknowledges that VAT legislation is a complex area requiring careful consideration and that errors can potentially lead to charges of interest and penalties.

VAT on all transactions should be recorded on the Finance System. Responsibility for correctly classifying VAT on transactions lies with the Finance Lead for each Academy. The CFO is responsible for ensuring that VAT returns are submitted to HMRC on a bi-monthly basis.

Capital Accounting

The Trust Boards are ultimately responsible for the assets held by the Trust, both in terms of the building, stock, and other fixed assets within schools.

The Central Finance Team are responsible for ensuring that the assets of the individual academies, and non-academy locations, are recorded and treated in accordance with the Trust [Accounting Policies \(C10\)](#).

Desirable assets, under £3,000, are recorded separately at each Academy location.

Cash Management

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

- sales ledger control account
- purchase ledger control account
- payroll control account
- VAT control account
- all suspense accounts
- bank balance per the nominal ledger to the bank statement

Internal Control Framework

Risk management

The Trust acknowledges the risks inherent in its business, and is committed to managing those risks which pose a significant threat to the achievement of its organisational objectives and financial health.

The Board has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the Trust through the development, implementation and embedding within the organisation of a formal, structured risk management process.

Segregation of duties

Segregation of duties is critical to effective internal control; it reduces the risk of both erroneous and inappropriate actions. In general, the approval function, the accounting/reconciling function, and the asset custody function should be separated among employees.

The Trust recognises that the size of Academy and staffing arrangements will affect an Academy's ability to adhere to the above. When these functions cannot be separated, a detailed supervisory review of related activities is required as a compensating control activity. Segregation of duties is a deterrent to fraud because it requires collusion with another person to perpetrate a fraudulent act.

Monitoring and control of Academies

Academies in financial difficulty or those designated "High-Risk"

All academies are required to operate in accordance with the Trust's policies and procedures, as well as demonstrating principles of good financial management. Academies are subject to annual external and internal audit, as well as other assurance work as required by the Trust's Finance Audit & Risk Committee. In the event that an academy is designated as "high-risk" (due to poor financial management or accumulated deficits etc.), then the academy shall be presented with a bespoke scheme of delegation that reduces the level of delegated responsibility in some or all areas.

Internal Audit

The Trust will have in place a process for independent checking of financial controls, systems, transactions and risks. It will be structured to ensure that the function is independent and objective.

The Finance Audit & Risk Committee will review the risks to internal financial control at the Trust and will agree a programme of work that will address these risks and inform the governance statement that accompanies the Trust's annual accounts

Internal audit reports will be reported to the Finance Audit & Risk Committee.

External Audit

External Auditors must be appointed in accordance with the Academies Trust Handbook. The CFO is responsible for coordinating the audit process, by liaising with auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

Each Academy Finance Lead is responsible for ensuring all information requested by the Finance Team is completed accurately and in accordance with agreed timescales.

Investments

Investments will be handled by the CFO in accordance with the [Investment Policy \(C5\)](#).

Leasing and debt finance

The Trust must seek and obtain prior written approval from the Secretary of State, via the funding body, for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than seven years; and
- granting a leasehold interest, including a tenancy agreement, on land or buildings to another party.

Glossary

Term	Description
Chief Executive Officer (CEO)	The Accounting Officer of the Trust
Chief Finance Officer (FD)	The Trust's head of finance
Academy Finance Lead	The most senior member of an academy's finance team
Central Finance Team	The central finance team of the Trust, based at Woodside Primary School, Highgate Road, Dudley, DY2 0SN