



Hampton Academies Trust
Financial Management Policy & Procedures

Version: 5

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Date: June 2019

Date of Board of Trustee Approval: TBA

Review Date: Annual



Introduction

The purpose of this manual is to ensure that the Trust maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our Funding Agreement with the Department for Education (DfE)/Education and Skills Funding Agency (ESFA).

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook published by the DfE/ESFA. This policy expands on that and provides detailed information on the Trust's accounting procedures and system manual should be read by all staff involved with financial systems

This policy also contains the following appendices:

- Appendix 1 Financial Authorisation Limits
- Appendix 2 Competitive Tendering Policy
- Appendix 3 Asset and Inventory Definitions
- Appendix 4 Investment Policy

Organisation & Financial Scheme of Delegation

The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. The financial reporting structure and Scheme of Delegation is outlined below and within the Financial Authorisation Limits in Appendix 1.

Board of Trustees

The Board of Trustees has overall responsibility for the administration of the Trust's finances. The main responsibilities of the Trust are prescribed in the Funding Agreement between the Trust and the DfE and in the Trust's scheme of Internal Delegation. The main responsibilities include:

- Ensuring that the grant from the ESFA and other sources, is used for only the purposes intended;
- Approval of the annual budget;
- Appointment of the Executive Headteacher, Head of School, Deputy Headteachers and Director of Finance & Resources.

Finance Committee

The Committee is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity; most particularly by:

- assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds;
- promoting a climate of financial discipline and the opportunity for financial mismanagement.

The main responsibilities of the Finance Committee are detailed in written terms of reference which have been authorised by the Board of Trustees.



Audit Committee

The committee is responsible for scrutinising the Trust's budget and finance, internal controls systems and risk management arrangements, most particularly by:

- assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds
- improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board of Trustees;
- promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement; and
- promoting the development of internal controls and risk management systems which will help satisfy the Board of Trustees that the schools within the Trust will achieve their objectives and targets and are operating in accordance with any statutory requirements for the use of public funds;
- within delegated authorities laid down by Board of Trustees;
- in a manner which will make most economic and effective use of resources available.

The committee meet at least annually to consider the year-end audited accounts. Audit Committee business, including the internal audit process and reports, are dealt with as an agenda item in Finance Committee meetings.

Executive Headteacher

The Executive Headteacher is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money". The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he / she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety or regularity.

The main responsibilities of the Executive Headteacher include:

- the development of the annual budgets for each school and central services within the Trust;
- the development of medium term financial planning
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the ESFA and DfE guidance issued to academies;
- ensuring that the regular reports provided to the Finance Committee and Board of Trustees are timely and accurate;
- authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- authorising payments within the approval limits shown in Appendix 1
- authorising changes to the Trust's personnel establishment.



Director of Finance & Resources

The Director of Finance & Resources Director works in close collaboration with the Executive Headteacher through whom they are responsible to the Board of Trustees. The Director of Finance & Resources has direct access to the Board of Trustees and undertakes the role of Chief Financial Officer (CFO) and is also Company Secretary.

The main responsibilities of the Director of Finance & Resources:

- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each academy;
- the preparation of budgets and medium term financial plans
- ensuring returns to ESFA and other funding agencies completed correctly and on time
- ensuring returns to statutory agencies are completed
- cash flow and treasury management including managing investments
- Line management of the Trust Finance Manager;
- authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- authorising payments within the approval limits shown in Appendix 1.

Finance Manager

The Finance Manager works in close collaboration with the Director of Finance & Resources. The main responsibilities of the Finance Manager are:

- the day to day management of Trust finances and the Finance team;
- the preparation of monthly management accounts;
- authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- authorising payments within the approval limits shown in Appendix 1.
- Ensuring that financial controls are working effectively at academy level

Internal Audit

The Internal Auditors are appointed by the Board of Trustees (through the Audit Committee) and provide Trustees and Governors with an independent oversight of the financial affairs. The main duties of the Internal Auditors are to provide the Board of Trustees with independent assurance that:

- the financial responsibilities of the Board of Trustees are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.
- risks are identified and appropriate actions put in place

The Board of Trustees will appoint internal auditors to undertake a regular programme of reviews to ensure that financial transactions have been properly processed and that



controls are operating effectively. A report of the findings from each visit will be provided to the Audit Committee for review.

The Responsible Officer

The Responsible Officer (RO) is appointed by the Finance Committee and provides governors with an independent oversight of the Schools financial affairs. The main duties of the RO are to provide the Board of Trustees with independent assurance that:

- The financial responsibilities of the Board of Trustees are being properly discharged;
- Resources are being managed in an efficient, economical and effective manner;
- Sound systems of internal financial control are being maintained;
- Financial considerations are fully taken into account in reaching decisions.

The Responsible Officer will undertake programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Board of Trustees. A report of the findings from each visit will be presented to the Finance Committee.

Other Staff

Other members of Trust staff, primarily Finance Officers and budget holders, will have some financial responsibilities and these are detailed in the following sections of this policy.

All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

Register of Business Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trustees, Governors and senior staff are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection.

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

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



Related Party Transactions

The Board of Trustees must ensure that all relationships with connected parties are even-handed, transparent and will stand up to public scrutiny. All related party transactions must comply with statutory duties and meet the requirements laid out in the Academies Financial Handbook.

The trust must maintain sufficient records, and make sufficient disclosures in their annual accounts to evidence transactions with all connected parties.

Accounting System

The Trust uses Sage Accounts. All financial transactions of the Trust must be recorded on this system.

System Access

Entry to the Sage accounting system is password restricted and the Finance Manager is responsible for implementing a system which ensures that passwords are changed at least every year.

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

Back-up Procedures

The Director of Finance & Resources is responsible for ensuring that there are effective back-up procedures for the system. Daily Back-ups are taken and stored on servers located in both the secondary and primary phases. Data is retained for 7 years.

The Director of Finance & Resources should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link with the annual assessment made by governors for the major risks to which the academy is exposed and the systems that have been put into place to mitigate those risks.

Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are identified in the associated operational system procedures.

Monthly Accounts

The Finance Manager is responsible for completing the monthly accounts. The following should be reconciled before closing the month:

- Sales Ledger Control Account
- Purchase Ledger Control Account
- VAT Return
- Payroll Control Account
- Suspense Account
- Bank Reconciliation

The Director of Finance & Resources will review and sign all reconciliations as evidence of review.



Financial Planning

The Trust will prepare both medium term and short-term financial plans for its schools and central services resource. Medium term is defined as a period of three years

The medium term financial plan is prepared as part of the Trust's Development planning process. The Development Plan indicates how each school will achieve their educational and other objectives / priorities within the expected level of resources over the next three years.

The Development Plans provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each academy and the planned use of those resources for the following year.

Development Plan

The Development Plan is concerned with the future aims and objectives of the Trust and how they are to be achieved. The Development Plans will ensure that the Trust's objectives and targets are matched to the resources expected to be available. Plans should ideally be simple and flexible.

The form and content of the Development Plan will be set by the Executive Headteacher and due regard should be given to any annual guidance issued by the DfE.

Annual Budget

The Director of Finance & Resources is responsible for working with the Executive Headteacher, Heads of School, the Finance Manager and others to prepare a draft annual budget for consideration by the Executive Headteacher **and Finance Committee**. The Executive Headteacher is responsible for the approval of the budget by the Board of Trustees.

The approved budget must be submitted to the DfE by the 28th July each year, and the Director of Finance & Resources is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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

Balancing the Budget



Comparisons of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure categories will need to be reviewed to identify areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Director of Finance & Resources for approval by the Executive Headteacher, Finance Committee and the Board of Trustees. The final approved budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

Monitoring and Review

Monthly reports will be prepared by the Finance Manager, supported by the Director of Finance & Resources. The reports will detail actual income and expenditure against budget for budget holders and at a summary level for the Executive Headteacher, Director of Finance & Resources, and the Finance Committee.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. Monthly management accounts will always include a latest financial forecast for the year. The variance from the budget identifies the virements.

If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised as shown in Appendix 1.

Payroll

The main elements of the payroll system are:

- Staff Appointments;
- Payroll Administration and Payments.

Staff Appointments

As part of the annual budget process, the Board of Trustees will approve a staff structure for the Trust. Substantial changes (e.g. the addition of permanent full time posts) can only be made to this establishment with the express approval in the first instance of the Executive Headteacher who must ensure that adequate budgetary provision exists for any establishment changes.

Where changes are in line with agreed budgets and in line with the approved Development Plan, the Executive Headteacher has the authority to change the FTE size or scope of posts within the Trust but should update Governors of these changes in their report to the Personnel Committee.

The Board of Trustees delegates the power to offer employment for all posts below the level of Deputy Head to the Executive Headteacher, Head of School or agreed SLT Lead.



The Executive Headteacher, Head of School or agreed SLT Lead may not delegate the offer of employment to any other senior manager or governor. Please refer to the Recruitment and Selection Policy.

Payroll

The Trust's payroll is currently outsourced to EPM Limited and the approval of the Finance Committee is needed to change any such arrangements.

The payroll is run monthly, checked by the Finance Manager and authorised by the Director of Finance & Resources through the secure online portal managed by EPM Limited. Access to the payroll portal is restricted to authorised users (Director of Finance & Resources, Finance Manager and HR Officer) and is password protected. The Director of Finance & Resources signs the monthly payroll report to confirm authorisation.

All staff are currently paid on the 22nd of the month via BACS. All payments to HMRC, Teachers' Pensions, LGPS and other third parties are processed by EPM Limited on behalf of Academy. EPM Limited are responsible for processing payroll deductions to third parties by the required date i.e. 19th each month to HMRC, 5th of each month to Teachers' Pensions etc. A BACS payment report is issued by Lloyds Bank to notify the Trust of processed payments and this is checked by the Finance Manager to ensure that the payments reconcile with the payroll and that payment is made to meet required deadlines.

The HR Officer is responsible for updating the following information on the portal:

- New employee details
- Any contractual changes including salary and working hours
- Processing Leavers
- Processing all absences including sickness, paid and unpaid leave.
- Annually check that each member of staffs gross pay per the payroll system agrees to the contract of employment held in the personnel files

The Finance Manager is responsible for the following tasks:

- **Input of any authorised overtime**
- Checking the variance reports and resolving any queries with EPM prior to the preparation of the final variance report which will be referred to the Director of Finance & Resource to authorise the payroll
- Entering payroll journals onto the nominal ledger and ensuring that each month's payroll reconciles
- Distribution of all payroll related correspondence to staff

The Director of Finance & Resources is responsible for the following tasks:

- Reviewing and authorising the payroll before it is paid.
- Ensuring all annual returns are completed and submitted by EPM Limited.
- Checking and signing the payroll reconciliation

The Trust has a Pay Policy and all changes to pay must be consistent with this. Any variations to this must be raised with the Executive Headteacher.



All severance payments must be approved by the Executive Headteacher, Personnel Committee and if appropriate the DfE.

Procurement

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

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust;
- **Accountability**, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

It is particularly important in the case of the Trust that any tenders where a Trustee may have a conflict of interest are managed with utmost probity.

Purchasing

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

Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;

Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs;

Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis.

Value for Money, the Trust shall aim for: - Economy, minimising the cost having regard to appropriate quality - Efficiency, an appropriate relationship between outputs and costs - Effectiveness, the achievement of the intended outputs

Routine Purchasing

Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that they do not overspend. Budget holders must also ensure that any expenditure is consistent with the objectives of the academy. A report detailing actual expenditure against budget will be supplied to each budget holder on a monthly basis.

A quote or price should be obtained prior to any order being placed, with the exception of maintenance calls where the duration and final cost is unknown at the time of the call out.



Where budget holders wish to use a new supplier, this should be agreed with the Finance Office.

The credit card can be used to make purchases on the internet, but are subject to the same procedures as all other purchase order requisitions. Internet orders must only be processed by the Finance Office using the Trust credit card, following the procedures outlined in later in this document.

Orders should be made on Internal Requisition/Purchase Order form and signed or emailed by the Budget Holder or processed via the Sage online portal (Elementary), clearly identifying the name of the order recipient and submitted to the Finance Office. The Finance Manager will check to ensure sufficient budget before arranging for the order to be counter-signed in accordance with the Financial Authorisation Levels in Appendix 1.

On receipt of the goods, the named recipient should undertake a detailed check of the goods against the Delivery Note. The Finance Office should be informed of all discrepancies without delay and will liaise with the supplier to resolve the issue.

All invoices should be sent to the Finance Office. The Finance Assistants will stamp invoices with the date received. The invoice will then be matched with the purchase order and the following will be checked before the invoice is entered onto the accounts system:

- The invoice is correctly totalled
- The VAT is correct
- **and** at least one of the following criteria is fulfilled:
 - Invoice matches purchase order
 - There is a delivery note
 - The budget holder has signed to confirm that the invoice may be paid.

Where the invoice relates to repairs or inspections, the budget holder must sign the invoice to confirm they are satisfied that any work has been completed, regardless of whether there is a matching purchase order.

Regular payment runs are produced from the Purchase Ledger by one of the Finance Assistants and payments are agreed with the Finance Manager, ensuring that the Academy meets the contractual and ethical responsibility to pay its suppliers in a timely manner. The Director of Finance & Resources must review and authorise each invoice before payment can be authorised.

The BACS payment list and cheques must be authorised by two of the nominated signatories in accordance with the Financial Authorisation Levels in Appendix 1. The associated paperwork (order, delivery note, invoice) must be provided with the payment list and cheques to provide the authorised signatories with sufficient information to authorise the payment.

Orders over £5,000 but less than £35,000

At least three written quotations should be obtained for all orders between £5,000 and £35,000 to identify the best value. Written details of quotations should be prepared and retained by budget holders for audit purposes. Purchases and contracts between £10,000 and £35,000 will be disclosed to the Finance Committee.



It is necessary to take the principles of best value into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted.

Orders over £35,000

All goods/services with a value over £35,000, or for a series of contracts which in total exceed £35,000 must be subject to formal tendering procedures.

For goods/services with an aggregate value greater than the Procurement Regulations EU Thresholds (Rates from 1 Jan 2018: £181,302 for Goods and Services, and £4,551,413 for Works), procurement should be through either an existing framework agreement or via OJEU (Original Journal of the European Union). The process can be managed either directly by the Trust or using a consultant or agency.

The procedure for tendering for orders above £35,000 is outlined in Competitive Tendering Policy, Appendix 2.

Forms of Tender

Details of forms of tenders and how to run a tender process are included in Appendix 2.

Income

The main sources of income for the Trust are the grants from the DfE / ESFA. The receipt of these sums is monitored directly by the Director of Finance & Resources who is responsible for ensuring that all grants due to the Trust are collected.

Grant funding is received from sources such as the local county and borough councils for a variety of purposes including Growth Funding and SEN funding

The Trust also obtains income from:

- students, for example visits, activities
- the public, performances, lettings.

Visits

A lead staff member must be appointed for each school visit to take responsibility for the visit. The sum to be charged for the visit must be discussed and authorised by the Finance Manager. The letter and permission slips will then be prepared by the Admin Assistant responsible for visits and distributed to the appropriate students/parents.

The Finance team will create a record for the visit on Wisepay and will be responsible for recording all payments made for each student. Parents are encouraged to pay online using Wisepay. All cash payments made will be entered onto the Wisepay visit record by the Finance team.

The Finance team should maintain an up to date record for each student on Wisepay which identifies the amount paid and the amount outstanding. The Finance team is responsible for reminding parents of payments due and chasing for outstanding payments.



A regular payment update should be provided to the Admin Assistant and Visit Leader, to ensure that they are aware of progress with payments and any issues regarding non-payment. It is the responsibility of the Finance Manager to follow up on non-payment and liaise with the Director of Finance & Resources regarding non-payment or students who wish to withdraw from a visit which may result in financial loss.

The Finance Manager will manage all requests for financial assistance to contribute to or totally fund a visit. The Finance Manager must authorise all contributions made by the school to subsidise a student who attends a school visit through such funds as Pupil Premium, 16-19 Bursary or Hardship funds.

All income received for each visit will be entered onto the accounts system against a ring-fenced income nominal code which has been setup exclusively for that visit. All expenditure made for each visit will be entered onto the accounts system against a ring-fenced expense nominal code which has been setup exclusively for that visit.

The visit must be reconciled once all income and expenditure has been posted. The Trust should not profit from income received for a school trip. As detailed in our Charging Policy, if the surplus of the trip exceeds £10 per student, then a refund of the surplus funds will be processed for each student.

Any small amounts of surplus will be retained and transferred into a Hardship fund to be used to support future requests for financial assistance.

Catering Income

Parents are encouraged to pay for school lunches and break time refreshments using WisePay. Payment can also be made by cheque or students can load money directly onto their accounts using cash loaders located in school.

The Trust's Catering contractor, Cucina are responsible for banking and receipt of income for school meals.

There are occasions when cash and cheques are received in the Finance Office. This will be added to WisePay in the Finance Office and the cash / cheques are then passed to Cucina on a daily basis for inclusion with their banking.

Lettings

Please refer to the Trust's Lettings Policy and Scale of Charges which are approved annually by the Finance Committee.

Music Tuition & Musical Instrument Hire

All peripatetic music tuition is provided and invoiced directly by the individual Music Tutor to the student.



The Head of Music at each school will confirm the details of all students who wish to hire a musical instrument to the Finance Manager. An agreement outlining the cost of hire will be sent to parents/carers and must be signed and returned before the hire commences.

The Finance Office will invoice the parent/carers on a termly basis and chase any overdue payments.

Sales Ledger

Payments collected must be banked in their entirety into the main Academy bank account. The Finance Assistants are responsible for listing all local income which is banked and recording this on the accounts system. The Sales Ledger will be reconciled against the Bank Account each month by the Finance Manager.

Custody

Monies collected should be held securely in the Trust Finance Office Safe and should be banked and reconciled promptly.

Cash Management

Bank Accounts

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

The Academy holds one current account with Lloyds Bank PLC. The details of the bank account are detailed below:

Account Name: Hampton Academies Trust
Sort Code: 30-94-47
Account Number: 43837760

Deposits

Details of all deposits must be entered into a copy paying-in slip, counterfoil or listed on a supporting book. The details must include:

- The amount of the deposit
- A reference, such as the number of the receipt and/or the name of the debtor

Investment accounts

The trust also holds deposit accounts with Lloyds, which attract higher levels of interest. All deposit accounts are opened in line with the trust's investment policy and with the prior approval of the Trustees

Cash Collection Service

The Finance Manager will be responsible for ensuring that all monies banked via the regular Cash Collection Service are accurately recorded on the accounting system



and supporting paperwork, which must be included within each cash collection bag. Administrative and Security procedures issued to the Trust must be adhered to.

Deposits made via the Cash Collection service will be reconciled as part of the bank reconciliation process, and any discrepancies investigated.

Payments and withdrawals

All cheques and other instruments authorising withdrawal from the Academy bank account must bear the signatures of authorised signatories as listed in Appendix 1.

Administration

The bank account must be reconciled monthly and checked by the Finance Manager, within five working days of month end.

The Director of Finance & Resources will review the bank reconciliations monthly as part of the month end process.

Petty Cash Account

Each school maintains a maximum cash balance of **£750**. The cash is administered by the Finance Assistant and is kept in the safe in the Finance Office in each school.

Deposits

Deposits to petty cash should be made by either cheques cashed specifically for the purpose or taken from the banking prior to collection by the Cash Collection Service. Where cash is taken from banking, there needs to be a clear audit trail of the monies being received for their original purpose and posted accordingly. The withdrawal then must be posted and the petty cash receipt posted accordingly.

Payments and Withdrawals

In the interests of security, petty cash payments will be limited as shown in Appendix 1. Higher value payments should be made by cheque or BACS directly from the main bank account as a cash book payment.

Administration

Petty Cash accounts will be reconciled monthly and all transactions recorded on the accounting systems monthly.

Credit Card

The Academy has two credit cards to assist with best value. The cards are in the name of the Director of Finance & Resources, Caroline Behan and the Finance Manager, Gina Hamey.

The credit cards are held in the safe within the academy finance office. All payments made using a credit card must be authorised in accordance with the Authorisation Levels outlined in Appendix 1 and in advance of the payment being processed.



The Finance Manager is responsible for ensuring that all credit card transactions are posted to the accounts system and reconciling the monthly statement.

Cash Flow Forecasts

The Director of Finance & Resources is responsible for preparing monthly cash flow forecasts for twelve months ahead to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile the General Annual Grant (GAG) to cover potential cash shortages.

Fixed Assets and Inventory

See Appendix 3 for the definition of “Asset” and “Inventory”

All fixed asset additions, as identified in paragraph 9.2, must be approved by the Executive Headteacher and Director of Finance & Resources.

All expenditure on IT equipment, IT infrastructure and related IT developments must be approved by the Director of Finance & Resources, who will liaise with the Executive Headteacher to ensure that investment is consistent with the Academy’s overall IT strategy.

Inventory

An Inventory will be maintained in the Finance Office to record all items of equipment and resources within the Academy above the value of £500 or below this value for any items which are considered portable and desirable.

An annual check of the Inventory will be undertaken to ensure that all equipment and resources included on the list are physically onsite and are in working order. Any missing or broken items will be identified through this check and dealt with appropriately. The disposal of items is dealt with under 9.5 of this policy.

Asset Register

All items purchased with a value over the Trust’s capitalisation limit of £2,000 must be capitalised. Expenditure in excess of £5,000 may also be capitalised even though the individual asset price is below £2,000. Assets below this value of £2,000 will be charged to the income and expenditure in the year of purchase.

The Asset Register should include the following information:

- asset description
- date of acquisition
- asset cost
- source of funding (% of original cost funded from ESFA grant and % from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset



The Finance Manager will review the Asset Register with the Auditors on a yearly basis to ensure completeness and identify any discrepancies. Any discrepancies over £1,000 must be reported to the Director of Finance & Resources

The Asset Register helps:

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

Security of Assets

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

All the items in the asset register should be permanently marked as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Director of Finance & Resources.

Loan of Assets

Items of Academy property, except staff and student laptops or tablets, must not be removed from academy premises without the authority of the Executive Headteacher or Director of Finance & Resources.

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

Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the Finance Regulations in Appendix 1 and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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

The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the Trust must repay to the ESFA a proportion of the sale proceeds.



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

Leases

The Trust is able to enter into operational leases as outlined in the Academies Financial Handbook

Finance leases are classed as borrowings and can only be entered into with the specific authority of the ESFA.

All leases must be approved by the Director of Finance & Resources.

Storage of Records

The Trust will retain all documents in accordance with the Records Management Society's guidelines.

Depreciation Policy

The Trust will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines.

Tangible Fixed Assets costing £2,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Leasehold improvements	10%
Office Equipment	20%
ICT equipment	33.33%

Long leasehold buildings are not depreciated on the grounds of immateriality.

Depreciation rules will be approved by the Board of Trustees in advance of preparing the annual statements.

Companies Policy

The Trust will not form any companies, subsidiaries or joint ventures without the approval of the Board of Trustees.

Investments Policy

The Trust has an Investment Policy shown in Appendix 3.

Charging & Remission Policy

The Trust will ensure that educational opportunities provided at any of the Trust school's during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.



The separate Charging and Remission Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

The Trust may charge for some optional activities which take place wholly or mainly outside academy hours. The Trust may invite voluntary contributions for these from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Finance Manager.

In all cases, where a charge is made it will not exceed the costs of the provision.

Gifts & Hospitality Policy

The Trust has a Gifts and Hospitality Policy which outlines the policy on gifts and hospitality given and received.

Staff Expenses

Trust Staff may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. Reasonable expenses include:

- Travel by public transport;
- Use of own car and parking (excluding home to work travel);
- Unavoidable overnight accommodation;
- Reimbursement for approved items bought on behalf of the Trust.

Rates and allowances are laid out in a schedule of allowed expenses which will be reviewed annually and are available from the Finance Offices.

Staff must submit an expenses claim form and seek approval as laid out in the Finance Regulations in Appendix 1 before being sent to the Finance Manager to be paid. All claims must be accompanied by receipts. Payment will be made directly to the Staff member's bank account by electronic payment unless the value is below £30 when payment may be reimbursed through Petty Cash.

The Director of Finance & Resources will monitor claims to ensure compliance with this policy.

Trustee and Governor Expenses

Trustees and Governors of the Trust may claim for reasonable expenses incurred by him or her when acting on behalf of the Trust, in line with the Trust policy on Governors Allowances. This policy describes what expenses are allowed, the process for making claims and the current rates.

Reasonable expenses will include:

- Attendance at meetings of the Board of Trustee or Local Governing Body or their sub- committees;
- Meetings with authorities, regulators, auditors etc;
- Meetings with members of staff or prospective staff connected with their official duties;
- Other official meetings.

It is expected that Trustees and Governors will wish to minimise the level of expenses claimed so that maximum resources can be applied to the core purposes of the Trust.



Trustees and Governors may not claim for:

- Time spent working as a Trustee or Governor
- Loss of earnings
- Food or refreshments
- Expenses in connection with foreign travel other than as allowed below.

The level of expenses that can be claimed will be no higher than that used for staff in the Trust.

Further guidance is provided in the separate policy document

Tax

The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Director of Finance & Resources to ensure compliance with VAT regulations.

The Director of Finance & Resources will ensure that Corporation Tax returns are completed on time and in accordance with legislation.

Insurance

The Trust currently uses commercial insurance for Hampton College and Primary Phase due to the dual use agreement of the Primary Phase building.

Hampton Gardens is covered under the DfE's Risk Protection Arrangement (RPA) for academies.

The Trust reviews all risks annually to ensure the cover available and the sums insured are adequate.

The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.

The Trust will not give any indemnity to a third party.

The Trust will immediately advise the insurers of any accident, loss of other incident which may give rise to an insurance claim.

Bad Debts

The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance.

Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.

Income from lettings will be collected in accordance with the Lettings Policy.

All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:

- 3 weeks from date of account - 1st reminder
- 6 weeks from date of account - final reminder



The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days. After 10 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.

If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with Financial Authorisations in Appendix 1 and in accordance with the guidance provided in the Academies Financial Handbook.

To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.

The Trust will retain a Bad Debt Write-Off Summary.

Related Party Transactions

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academies Financial Handbook and Academies Accounts Direction.

All connected party transaction must be disclosed within the Trust's financial statements and all relevant business interests of Trustees and Local Governors will be published annually on the Trust's website.

Audit/ Fraud

The Trust has appointed Rawlinsons Accountants as its auditors to produce returns and year-end accounts for the financial year **2018-2019**.

The Trust has appointed Rawlinsons Accountants to undertake a programme of Internal Audit for the financial year **2018-2019**.

The Trust will appoint a Trustee from the Finance Committee in the role of Responsible Officer each year.

Fraud can occur in Trusts although the level of identified fraud in Trusts is very low, the Trust needs to be aware of the potential for it to occur.

The following policies also relate and give guidance to reduce the possibility of fraud occurring: Declaration of Interests, Whistleblowing Policy, Risk Management and the Risk Register.

In the case of suspected fraud, the Audit Committee will be notified and external auditors will be called in to undertake a full investigation if required. The Executive Headteacher, in consultation with the Audit Committee will decide whether the police should be notified.

The ESFA must be notified of any loss arising from suspect theft or fraud exceeding the amount set out in the Academies Financial Handbook.



Monitoring Outcomes & Review

Outcomes will be monitored and reviewed by regular internal checks and scrutiny by senior management including an annual review with the Finance Manager and Director of Finance & Resources.

Effectiveness of this policy and any associated procedures will also be monitored by the Audit Committee, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results will be presented by regular written reports to the Audit Committee. Findings & recommendations will be used to revise this policy and associated procedures- this will be undertaken by referring any recommendations for changes to the Finance Committee.

Key indicators of the success of this policy are:

- No inappropriate use of money
- Adherence to budgets
- Value for Money being demonstrated
- Expenditure targeted on key priority areas
- Timely reports to Board, DfE and others
- Up to date, accurate records.



Appendix 1 - Financial Authorisation Levels

Delegated Duty	Value	Delegated Authority
Ordering Goods and Services (raising Purchase Order Requisitions) for Budgeted Goods Tendering procedures as per Appendix 2	Up to £2,000	Budget holder, reviewed by Finance Manager
	£2,000 - £10,000	As above plus Director of Finance & Resources
	Above £10,000	As above plus Executive Headteacher
	Up to £10,000 for non-budgeted purchases	Executive Headteacher
	£10,000 - £50,000 for non-budgeted purchases	Finance Committee
	Over £50,000 for non-budgeted purchases	Board of Trustees
	Over OJEU Threshold	Refer to Tendering procedures Appendix 2
Signatories for cheques and payment authorisations (including BACS payments other than payroll)	Any	Two signatories from: <ul style="list-style-type: none"> • Executive Headteacher • Director of Finance & Resources • Heads of School • Deputy Head One signatory must be either the Executive Headteacher or the Director of Finance and Resources.
Payroll BACS (via payroll provider, EPM)	Any	Finance Manager, reviewed by Director of Finance & Resources or Executive Headteacher
Signatories for DfE grant claims and DfE returns	Any	<ul style="list-style-type: none"> • Director of Finance & Resources • Executive Headteacher • Chair of Trustees • Heads of School

Delegated Duty	Value	Delegated Authority
		<ul style="list-style-type: none"> Finance Manager
Virement of budget provision between budget heads.	Up to £10,000	Finance Manager, reporting to Director of Finance & Resources
	£10,001 - £50,000	As above plus Director of Finance & Resources reporting to Finance Committee
	£50,001 - £100,000	As above plus Executive Headteacher, reporting to the Finance Committee
	Over £100,000	Finance Committee
Disposal of assets	Up to £1,000	Director of Finance & Resources
	£1,001 - £5,000	Heads of School
	Over £5,000	As above plus Finance Committee DfE approval required as appropriate for disposal of assets funded with DfE grant, or transferred from an LA at nominal consideration
Write-off bad debts	Up to £1,000	Director of Finance & Resources
	Over £1,000	Executive Headteacher with referral to Finance Committee annually
Raising invoices to collect income	Any	Finance Manager
Petty Cash & Expense Claims	Against Budget Holders delegated budgets	Finance Manager
	As above but Budget Holder is claiming	Finance Manager



Delegated Duty	Value	Delegated Authority
	SLT (excluding Director of Finance & Resources)	Finance Manager
	Director of Finance & Resources	Executive Headteacher
	Trustee/Governor	Director of Finance & Resources
Credit Cards	Any	Two signatories from: <ul style="list-style-type: none"> • Executive Headteacher • Director of Finance & Resources • Heads of School • Deputy Head One signature must be either the Executive Headteacher or Director of Finance and Resources



Appendix 2 - Competitive Tendering Policy

This Policy has been produced as an addendum to the Trust's Financial Management Policy & Procedures and is intended to detail the procedure to be followed in the event that tenders are required in accordance with the thresholds specified in the Financial Management Policy & Procedures.

Forms of Tender

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are as follows:

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Executive Headteacher or Director of Finance & Resources how best to advertise for suppliers (e.g. general press, trade journals or direct contact). This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs.
- a large number of suppliers would come forward or because of the nature of the goods are such that only specific suppliers can be expected to supply the Trust's requirements.
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders
- only one or very few suppliers are available
- extreme urgency exists

Preparation for Tender

Full consideration must be given to the following:

- objective of the project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract

It is useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfillment of these requirements to help reach an overall decision.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry. An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project



- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response

Aspects to Consider

Financial:

Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision (best value).

Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.

If there is scope for negotiation, this must be considered.

Technical/Suitability:

Factors to consider include:

- Qualifications of the Contractor
- Relevant experience of the Contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers

Other Considerations:

- Pre sales demonstrations
- After Sales service
- Financial status of the supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine the audited accounts for example.
- If in practice there is a sole provider of the goods or services, appropriate consideration will be given to ensuring that value for money is being obtained (which may include benchmarking similar services or providers elsewhere in the country) and evidence retained for audit purposes.

Tender Acceptance Procedures

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

Tender Opening Procedures

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

- For contracts up to £35,000 - the Business Services & Projects Manager and either the Director of Finance & Resources or the Executive Headteacher



- For contracts over £35,000 - the Director of Finance & Resources or the Head of School plus a member of the Local Governing Body.

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

Tender Evaluation

The evaluation process will involve at least two people. Those involved shall disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

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

Full records will be kept of all criteria used for evaluation and for contracts over £35,000 a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. For contracts under £35,000 the decision and criteria should be reported to the Finance Committee.

Where required, the conditions attached to a specific DfE grant, the Departments approval must be obtained before the acceptance of a tender.

Tenders must be evaluated using whole-life cost and against a pre-set evaluation criteria and weightings. Both successful and unsuccessful suppliers should be notified of the decision. Key Performance Indicators and Service Level Agreements should be agreed with the successful supplier before awarding the contract.

Tenders Above EU Threshold

For goods/services with an aggregate value greater than the Procurement Regulations EU Thresholds (Rates from 1 Jan 2018: £181,302 for Goods and Services, and £4,551,413 for Works), procurement should be through either an existing framework agreement or via OJEU (Original Journal of the European Union). The process can be managed either directly by the Trust or using a consultant or agency.

Retention of Records

All relevant documents relating to the tender process (including minutes of meetings held and a written record of the reasons for the decisions made) shall be retained by the Trust for audit purposes.



Appendix 3 - Assets and Inventory

Definitions / Glossary

Asset - In the context of this policy, the term Asset is used to refer to purchases that are recorded in the accounts for the purpose of depreciation.

The asset register will include all items where the purchase price is greater than £2,000 either as a single item or as part of a larger single purchase for numerous items which collectively exceed the value of £2,000 e.g. purchase of 20 laptops at £500 per unit.

Inventory - Items listed on the Inventory are not included in the accounts for the purpose of depreciation.

The purpose of the Inventory is to monitor the use and availability of resources and equipment held within the Trust.

Where the purchase value of an individual item is greater than £500, or the item is considered to be portable and desirable - for example mobile telephones they will be added to the inventory

The inventory will be checked regularly to confirm the availability of resources.



Appendix 4 - Investment Policy

PRINCIPLES

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, whilst ensuring that the investment instruments are such that there is no risk to the loss of these cash funds.

Investments may only be made in accordance with written procedures approved by the Finance Committee.

GUIDELINES

1. The Trust will regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments.
2. The Trust does not have an overdraft facility on any bank accounts and accounts should not be allowed to go overdrawn.
3. The Trust needs to identify funds surplus to the immediate cash requirements and transfer these to an account bearing a higher interest rate.
4. The Director of Finance & Resources shall periodically (at least annually) review interest rates and compare with other investment opportunities.
5. The Trust's current policy is to only invest funds in risk free and easily accessible deposit accounts.
6. Any changes in the Investment Policy require the approval of the Finance Committee.

Review: This policy will be reviewed every three years.