

# Southend East Community Academy Trust

## Financial Regulations & Financial Scheme of Delegation

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## Financial Scheme of Delegation/Authorisation & Approval Summary

### Expenditure Limits/Ordering Procedures

If approval for a contract that spans more than one year, the limits below apply to the total value over the life of the contract not the per annum cost.

Process	Value	Delegated Authority
Order Approval	up to £2,000	Budget Holder
Order Approval	£2,001 to £20,000	Headteacher
Order Approval	£20,000 to £100,000	CEO/COO
3 competitive quotations	£5,000 to £100,000	
Formal Tender Process required	Over £100,000	Trust Board to sign off
Find a Tender Procedure (replaced OJEU)	<a href="https://find-tender.service.gov.uk">Find a Tender (find-tender.service.gov.uk)</a>  <u>Public Contract Regulation (PCR) Thresholds from January 2024 – Inc VAT</u>  Works £5,372,609 Goods - £214,904 Most Services - £214,904  Some services for education are covered by the 'light touch regime'.  The threshold for these is £663,540.  Check the list of all the services covered by the light touch regime in the legislation. See government website for more details.	
Related Party Transactions	Over £40,000	ESFA approval required prior to entering into transaction. All related party transactions, regardless of value, must be reported to the ESFA

### Standing Order/Direct Debit/BACS Signatories

Value	Delegated Authority	Additional Guidance
Any two of:	CEO COO Deputy COO Finance Manager Governance Manager Chair of Trust Board	Ensure bank mandate is complied with.

## Virement Approval

Value	Delegated Authority	Additional Guidance
All	COO	All virements must be recorded on a sequential numbered virement form and reported to the ARR

## Disposal of Surplus Stock, Stores & Assets

Value	Delegated Authority	Additional Guidance
Up to £250	Headteacher/CEO/COO	
£251 to £1,000	CEO/COO	
£1,001 to £250,000	Board of Trustees	
Check Academy Trust Handbook for latest guidance	ESFA Approval/Notification	Applies to land and buildings

## Write off of Bad Debts

Value	Delegated Authority	Additional Guidance
Up to £100	Headteacher	
£101 to £250	COO	
£251 to £1,000	CEO	
£1,001 to £250,000	Board of Trustees	
Check for latest guidance	ESFA Approval	Max of £250,000 1% of total income up to £45,000 per single transaction 2.5% of total annual income per category if accounts qualified or late 5% of total annual income per category if accounts not qualified or late

## Approval of Returns & Reconciliations

Return	Delegated Authority	Additional Guidance
VAT 126 Return	Finance Manager	One VAT 126 return must be prepared centrally for the whole Trust monthly taking in to account any business transactions to be allowed for
Bank Reconciliation	Finance Manager	To be prepared at least monthly
Funding Reconciliation	Finance Manager	To be prepared at least monthly
Budget Forecast Return	COO to prepare, Full Trust Board to approve	
Risk Register	COO and Headteachers to prepare and review. Trust Board to monitor and review.	

Register of Business Interests	Trust Board	
Gifts and Hospitality Register	Trust Board	
Business Continuity Plan	Trust Board	

## Other Monetary Limits

	Limit	Additional Guidance
Mileage Allowance	Current HM Revenue and Customs approved Rate	Check on Gov website 45p per mile for 2024
Safe Cash/Cheque Limits	£10,000 Cash £250,000 cheques and other certificates, bonds, stamps as detailed in RPA rules. £5,000 monetary not in a locked safe e.g. in transit	Details as per Risk Protection Arrangement.
Inventory Register	Items that are portable and attractive or over £2,000	
Asset Register	Capitalisation limit £ 5,000	As per accounting policy wef 1/9/22

The Trust financial regulations should be read in conjunction with the Trust other financial management related policies and the ESFA Academy Trust Handbook;

### 1.0 INTRODUCTION

- 1.1 The Southend East Community Academy Trust Board, who are both directors and Trustees, (The Trust Board) is the legal entity which is responsible for all the Trust's academies. It is their duty to ensure that each school operates efficiently, legally, judiciously and safely.
- 1.2 The purpose of these regulations is to ensure that the Academy 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 The Trust's funding agreement with the Department for Education (DfE).
- 1.3 The school must comply with the principles of financial control outlined in the Academy Trust Handbook published and updated by the Department for Education (DfE). These regulations expand on that and provide detailed information on the school's accounting procedures and systems and should be read by all staff involved with financial systems.
- 1.4 The general conditions that follow are subject to annual review and consideration by the Trust Board, who must formally minute the review and any subsequent amendments and approval each year.
- 1.5 The Trust Board confirms that failure to observe these conditions is considered a serious matter and may involve disciplinary procedures being taken against the individual concerned.

## **2.0 ORGANISATION**

- 2.1** The school has defined the responsibilities of each person involved in the administration of school finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

### **The Members**

- 2.2** The members have a similar role to shareholders of a company. Their role is to be kept informed about trust business and should be 'eyes on and hands off'.
- 2.3** Members must not be employees of the trust or carry out any unpaid staff roles on a voluntary basis. There should be significant separation between individuals that are members and those who are trustees.

### **The Full Trust Board**

- 2.4** The Trust Board have overall responsibility for the administration of the trust's finances and maintaining the trust as a going concern. The main responsibilities of The Trust Board are prescribed in the Funding Agreement between the trust and the DfE and in the trust scheme of delegation. The responsibilities of The Trust Board are as outlined in the scheme of delegation, terms of reference and also in the Academy Trust Handbook.
- 2.5** The Trust Board meets at least 3 times per year in accordance with the Academy Trust Handbook

### **The Audit, Risk and Resources Committee (ARR)**

- 2.6** The ARR Committee is a committee of The Trust Board. The committee meets at least once per term, but more frequent meetings can be arranged if necessary. The main responsibilities of the ARR Committee are detailed in the written terms of reference which have been authorised by The Trust Board.

### **Accounting Officer**

- 2.7** The Academy Trust has designated the Chief Executive Officer as its Accounting Officer. Whilst the Accounting Officer has responsibility, under The Trust Board's guidance, for the Trust's overall management and staffing, their appointment as Accounting Officer confers specific responsibilities for financial matters. In particular, the Accounting Officer is personally responsible to Parliament and to the Accounting Officer of the ESFA, for the resources under their control, and must be able to assure Parliament and the public of high standards of probity in the management of public funds.
- 2.8** The essence of the role is a personal responsibility for:
- regularity – dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement and these regulations, and compliance with internal Trust procedures. This includes spending public money for the purposes intended by Parliament;
  - propriety – the requirement that expenditure and receipts should be dealt with in accordance

with Parliament's intentions and the principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance;

- value for money – this is about 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. A key objective is to achieve value for money not only for the whole Trust, but for taxpayers more generally.

The Accounting Officer also has responsibilities for keeping proper financial records and accounts, and for the management of opportunities and risks.

- 2.9** Whilst the Accounting Officer is accountable for the Academy Trust's financial affairs, the delivery of the Trust's detailed accounting processes will be delegated to the Chief Finance Officer. Within the Trust the role of Chief Finance Officer is included within the job description of the Chief Operating Officer (COO).
- 2.10** The Accounting Officer must advise The Trust Board in writing if, at any time, in their opinion, any action or policy under consideration by them is incompatible with the terms of the Handbook or Funding Agreement. Similarly, the Accounting Officer must advise The Trust Board in writing if The Trust Board appears to be failing to act where required to do so by the terms and conditions of the Handbook or Funding Agreement. Where The Trust Board is minded to proceed, despite the advice of the Accounting Officer, the Accounting Officer must consider the reasons The Trust Board gives for its decision. If, after considering the reasons given by The Trust Board, the Accounting Officer still considers that the action proposed by The Trust Board is in breach of the Handbook or Funding Agreement, the Accounting Officer must advise the ESFA's Accounting Officer of the position in writing.

### **Chief Financial Officer**

- 2.11** The Chief Financial Officer works in close collaboration with the Accounting Officer through whom they are responsible. The Chief Financial Officer also has direct access to the Trustees via the ARR committee. The main responsibilities of the Chief Financial Officer are as outlined in the COO post holder job description.

### **Audit, Risk and Resources Committee**

- 2.12** The ARR will work in close collaboration with the COO and relevant Trust central managers. The ARR's responsibilities are as set out in the scheme of delegation and include the following:
- Whilst the COO and central finance team will draw the figures together, the ARR will review the annual budget before sending for approval to the Trust Board.
  - Receiving management reports, to facilitate the monitoring of the school's actual financial performance compared with budgeted priorities and cash flow, and to take remedial action as necessary.
  - Making decisions on expenditure within the ARR delegated powers.
  - Ensuring the local Register of Business Interests is kept up to date and published on the school website.
  - Ensuring the gift and hospitality register is kept up to date.

- Annually reviewing all on-going contracts.
- Monitoring all spending and income received in the school.
- Ensuring that funding from the ESFA, Local Authority and other sources is used only in accordance with any conditions attached.
- Receiving and commenting on the content of any audit report relating to the individual school and monitoring the implementation of the agreed action plan.
- Ensuring the school adheres to the policies and procedures as specified by The Trust Board.
- Reviewing and monitoring of budget projections / medium term financial plans to ensure the school's budget is realistic and any financial decisions are sustainable.
- Declaring any connected party transactions or business interests.
- Regularly updating and monitoring the local risk register and ensuring the implementation of any mitigating actions.
- Ensuring each school and trust has an up-to-date business continuity plan.

**2.13** The ARR confirms that the day-to-day financial management of the school is delegated to the Headteacher, subject to exceptions contained in these regulations. Throughout these conditions, delegation to the Headteacher shall imply further delegation to the Deputy Headteacher when the Headteacher is not on the school site. Where the Headteacher wishes to permanently delegate certain financial matters or activities, then the level of that delegation shall be notified in writing to the individual(s) concerned, reported to the ARR in writing and incorporated into these conditions.

### **School Office Team Leader / Central Finance Team**

**2.14** For the purposes of this document the term School Office Team Leader (SOTL) refers to the person(s) responsible for the day-to-day management of each individual school's financial operations. Each school should employ a suitably experienced SOTL to support the Headteacher to manage and protect resources appropriately or alternatively make use of the CFT support services provided by the Academy Trust.

**2.15** The SOTL will work with the CFT, Headteacher and Senior Leadership Team to ensure the school's financial processes and finance policies are followed. They will be responsible for the effective use of resources within their organisation and will notify the Headteacher of any issues.

### **Governance Professional (Clerk to the Trust Board)**

**2.16** The Trust will appoint a suitably qualified clerk to The Trust Board who is someone other than a Trustee, Headteacher or CEO of the Trust.

### **General Requirement**

**2.17** All employees of the school are expected to act professionally and with integrity and follow the internal control framework and financial policies of the school. All staff with financial management responsibilities should have access to the information and training required to perform their financial duties.



## **Register of Business Interests**

- 2.18** 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 school committee members and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the school may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships or shareholdings. 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 Trustee, local school committee member or a member of staff, by that person.

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

All Trustees, local Academy committee members and school staff must be given the opportunity to verbally declare previously undeclared interests, and any previously declared interests that may be relevant to the agenda, at every committee and Trust board meeting.

In accordance with the Academy Trust Handbook, the business interests of the Trustees, members, local Academy committee members and the Accounting Officer will be published on the trust website.

## **Trading with Connected Parties**

- 2.19** In accordance with the Academy Trust Handbook, the following will apply to goods or services provided by individuals or organisations connected to the academy Trust:

The Trust must pay no more than 'cost' for goods or services provided by a connected party as defined by the Academy Trust Handbook.

The school must ensure that any agreement with a connected party is procured through an open and fair process and is supported by a statement of assurance from the individual or organisation to the Trust confirming that their charges do not exceed the cost of goods or services.

The 'at cost' requirement applies to any transactions for goods or services exceeding £2,500 cumulatively in a financial year.

## **Related Party Transactions**

- 2.20** Trustees must ensure they avoid conflicts of interest, do not accept benefits from third parties and declare interests in proposed transactions and arrangements. No member, Trustee, local Academy committee member, employee or related individual or organisation may use their connections for personal gain and no payments can be made to Trustees unless permitted by the articles or by authority from the Charity Commission.
- 2.21** Trustees must report all transaction to related parties to the ESFA in advance of the transaction

taking place, using the ESFA's on-line form.

**2.22** Trustees must obtain ESFA's approval for related party transactions that are;

- novel, contentious and or/repercussive

- the contract exceeds £20,000

- a contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year

### **3.0 DAY-TO-DAY DELEGATION OF AUTHORITY**

#### **Expenditure Limits**

**3.1** Individual Budget holders can authorise expenditure up to £2,000 on goods and services. Avoidance of obtaining higher authority by raising a sequence of smaller orders in place of one large order is not permitted.

**3.2** The Headteacher can authorise expenditure up to £20,000 on goods and services. Avoidance of obtaining higher authority by raising a sequence of smaller orders in place of one large order is not permitted.

If the value to be authorised exceeds the Headteacher limit for goods and services, or the value set aside for utilities in the school budget, then a higher level of approval is required, as specified below.

Authorisation for expenditure that is greater than the value of £20,000 must be referred to the CEO/COO. This is included in the hierarchy of the financial accounting system.

The CEO / COO can authorise expenditure up to £100,000 for goods and services.

#### **Funding Reconciliation**

**3.3** The Finance Manager is responsible for reconciling the Trust's funding budget entered on the Trust's financial accounting system with the monthly funding information provided by the ESFA and other government agencies. This reconciliation should be completed monthly and reviewed by the Chief Operating Officer in the monthly management accounts.

#### **Bad Debts**

**3.4** The write-off of debts owed to the school, can be approved as follows;

- Up to £100 – Headteacher

- £101 to £250 – COO

- £251 to £1,000 – CEO

- £1,001 to £250,000 – Trust Board

See section – ESFA approval required

A sequence of smaller write offs, all within the above limits, to cover a larger write off is not permitted.

Write offs exceeding £1,000 must be reported to The Trust Board.

## **Disposal of Assets or Adjustments to School Inventory**

- 3.5** The Headteacher can authorise the disposal / adjustment of recorded school inventory items up to the value of £100. Authority for disposals / adjustments between £101 - £250 must be approved by COO and up to £1,000 must be approved by the CEO.
- Disposals/adjustments above £1,001 must be referred to The Trust Board. Any disposals 1% of total annual income or £45,000 (whichever is smaller) per single transaction must be approved by the ~~BSA~~
- All disposals / adjustments must be formally recorded in the minutes of the meeting at which they were reported and discussed.

## **Mileage Allowances and Subsistence Claims**

- 3.6** The schools will reimburse mileage expenses to individuals for business journeys at a rate in accordance with the limitations set out by HM Revenue & Customs. The claimant is entitled to be notified of this rate in advance of commencing their journey. The claimant must have suitable insurance in place to cover both the vehicle and passengers. Business use must be added to the individual's insurance to be adequately covered to carry out business journeys.
- All expense claims are to be authorised by the budget holder and Headteacher/CEO/COO for individual schools. For the central team expenses are authorised by the line manager and CEO/COO.
  - The CEO/COO must authorise all claims relating to the Headteacher or members of the Central Teams, the CEO for the COO and the Trust Board for the CEO.
  - All expense claims are to be supported by VAT receipts (or other appropriate evidence of expenditure) which must be attached to the claim. Claims for subsistence can only be claimed to the maximum stated below.
  - Rates of subsistence will be paid at the rate and within the conditions that adhere to the Trust's policy on travel and subsistence allowances.

Breakfast	£5.00
Lunch	£7.50
Evening Meal	£15.00

- Claims for the purchase of alcohol will not be reimbursed.
- The Trust may not reclaim VAT without a proper VAT receipt.

## Receiving of Goods / Acknowledgement of Service

- 3.7** The person accepting the goods will be responsible for signing and dating the delivery note to confirm the correct goods have been received. This will then be processed on the financial accounting system by the SOTL/CFT (for MAT)/Headteacher/Budget Holder who will record on the financial accounting system who has checked the goods by the way of entering a goods receive note (GRN).

## Staff Appointments/Terminations

- 3.8** The Trust Board have approved a personnel establishment structure for the Trust. Changes can only be made to the establishment with explicit rationale for the change and the support of the COO / CEO with express approval of The Trust Board, and will also ensure that adequate budgetary provision exists for any changes.

- 3.9** The approval required for the appointment of staff or changes to contract is as follows:

Headteacher Appointment	CEO
All other staff	Headteacher/CEO/COO subject to the agreed establishment and budget constraints, Scheme of Delegation and in accordance with the Trust's recruitment and appointment policy.
Chief Operating Officer (Chief Financial Officer)	The Trust Board
Chief Executive Officer	The Trust Board

- 3.10** All relevant forms and paperwork with regard to the appointment of, or amendment to contracts of staff should be sourced from the Trust's Human Resources department. All personnel pre-employment checks must be completed, and relevant clearances obtained for all staff before they start their employment.

- 3.11** The Trust Board has authority to approve individual staff severance payments and compensation payments as per the current Academy Trust Handbook, providing the non-statutory/ non-contractual element is under £50,000. Above £50,000 (gross before income tax or other deductions) prior approval **must** be sought for the non-contractual element from the ESFA.

### **Payment of Additional Hours**

- 3.12** With regard to staff overtime etc, the Headteacher is authorised to incur expenditure up to the level agreed within the annual budget. Beyond this limit, authorisation can only be made by the Trust Board. No overtime should be undertaken without the prior approval and availability of budget by the Headteacher or in the case of the Central Teams the CEO/COO.

### **Monitoring Salary Payments**

- 3.13** It is the responsibility of the COO to ensure that systems are in place to record all staff contract details and that they are regularly updated to take account of new appointments, amendments and terminations of employment. This will ensure that all information on the Trust's financial budgeting and financial system is correct and will avoid distortion of financial information.

Any payroll transactions relating to Headteachers will be authorised by the CEO/COO.

### **Supply Staff**

#### **3.14**

- a) All supply staff will be appointed by the Headteacher or as otherwise directed by the Headteacher. At the same time the appropriate commitment for the estimated costs incurred will be entered on to the Trust's financial accounting system by way of a purchase order. It is the responsibility of the SOTL/CFT to ensure this is completed.
- b) It is the responsibility of the individual member of staff to agree with their line manager the hours worked in the particular payment period. The line manager will then sign the claim and forward it to the Headteacher or in the case of Central Teams the COO/CEO for authorisation. If a dispute arises over hours claimed, the Headteacher / COO / CEO will be informed immediately. The Payroll Manager will process the claims with using the appropriate forms.

### **Contract Approval**

- 3.15** Any lease agreements will require the approval of The Trust Board.

The AFH states only an operating lease is the type of lease available to schools. These leases involve the school paying a rental for the hire of an asset for a period of time and have the character of a rental agreement. Finance leases or hire purchase, may not be entered into by the school as this is a form of borrowing.

Trusts must obtain ESFA's prior approval for the following leasing transactions: Taking up a finance lease on any asset not on the DfE approved list for any duration from another party, which are subject to the borrowing restrictions described in ATH.

## **Insurance**

**3.16** Insurance cover for Trust and its constituent schools will be arranged at Trust level.

Insurance will include:

Public Liability

Buildings and Contents

Terrorism

Business Interruption

Employer Liability

Hirers Liability

Governors Liability

School Journey

Personal Accident

Motor

Engineering

Cyber Security

If maternity or sick pay insurance is required, this will be arranged by the COO and in agreement with the Trust. Business continuity plans should be established in each school by the Headteacher and Deputy COO for the Trust and reviewed at least annually.

## **4.0 FINANCIAL PLANNING AND REVIEW**

### **Budget Planning / Setting**

**4.1** The school's overall budget plans (both one year annual and multiyear forward financial plans) will be prepared by the Headteacher, Central Finance Team, COO and CEO in consultation with the ARR Committee and full Trust board. The budget will be prepared having regard to all known needs of the school including the School Improvement Plan. It is the responsibility of the COO to ensure that all the required budgeting paperwork is submitted to The Trust Board in accordance with the published timeline.

**4.2** An asset management plan and budget will be prepared by the Estates Manager / Deputy COO and submitted for approval to the Trust Board.

**4.3** Detailed records will be kept of all information used in preparing the budget, including estimations of staffing requirements and calculations of all costs, cross referenced to the assumptions made. Currently the Trust uses IMP Planner software.

**4.4** The SOTL / Finance Manager will be responsible for ensuring that the school has budget business plans in place for all trading activities e.g. catering, swimming, extended school, nursery, lettings, SESSP etc. The business plan should clearly show the anticipated operating surplus or deficit. If a subsidy is required to cover a budgeted deficit, then this must be formally approved by the CEO.

All budgeted business plans should be clearly linked to the Trust / School Improvement Plan.

- 4.5** The school budget will be reviewed by the COO / CEO and submitted to The Trust Board for final approval.
- 4.6** The approved budget should be promptly loaded onto the Trust's financial accounting system.

### **Budget Monitoring**

- 4.7** The COO will be responsible for monitoring actual income and expenditure against budget for each line item and producing and circulating appropriate reports to the Trust on a monthly basis. Urgent budget issues will be reported to the COO and Trust immediately.
- 4.8** The COO will circulate monthly management accounts prepared by the Finance Manager, including income and expenditure reports on an accruals basis, cash flow forecasts and balance sheets to the Trust Board, together with a written explanation of significant variances against budget, and with a projection of income and expenditure to the year-end. Reports will be circulated to ARR / Trust board as required.

### **Resource Management**

- 4.9** The Trust will ensure that it manages its resources effectively. To support with fulfilling this responsibility they will ensure that the following is carried out;
- Regular benchmarking with other Trusts in a similar context
  - Annually completing the School's Resource Management Self-Assessment Tool and preparing an action plan. The completed tool must be submitted to the ESFA by their required deadline.
  - Engaging with the DfE's approved frameworks when procuring goods and services.
  - Ensuring each school's curriculum is integrated with the Trust's financial planning strategy.
  - Ensuring each school's staffing structure is reviewed regularly and is integrated with the Trust's financial planning strategy.
  - Ensure the trust has an estate vision, strategy, and asset management plan with appropriate provision in its budget to support this.

### **Financial Returns**

- 4.10** The COO will be responsible for preparing all the financial returns required by the Education Skills Funding Agency. All returns will be completed in the required timescales.
- 4.11** In order to give a true and fair view the annual report and financial statements must be

prepared according to the requirements of the Companies Act 2006 and Regulations made under the Act, and applicable United Kingdom accounting standards. The Trust must also prepare their accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (revised) ('the SORP'). They must also be prepared in accordance with the accounting policies agreed by The Trust Board. A copy of the SORP together with accompanying information sheets, other Charity Commission guidance and legislation are available to view and download from the Charity Commission website at:

[http://www.charitycommission.gov.uk/Charity\\_requirements\\_guidance/Accounting\\_and\\_reporting/Preparing\\_charity\\_accounts/](http://www.charitycommission.gov.uk/Charity_requirements_guidance/Accounting_and_reporting/Preparing_charity_accounts/)

- 4.12** The Trust Board is responsible for approving the school's annual report and financial statements and ensuring the annual accounts are audited and submitted to the Education Skills Funding Agency by the required deadlines. Details of all financial information required are as set out in the latest Accounts Direction for the year being reported.
- 4.13** In addition to submitting the annual report and financial statements to the Education Skills Funding Agency, under section 442 (2a) of the Companies Act 2006, accounts must be filed with Companies House within 9 months of the end of the accounting period.
- 4.14** The ESFA require the Trust to publish its Annual Accounts and Annual Report by 31<sup>st</sup> January. This will be done via the Trust website.
- 4.15** The Trust's audited accounts must be provided to the Members at the Annual General Meeting.

## **5.0 INTERNAL CONTROL**

The objectives of Internal Control are to give the Trust confidence that as far as is reasonably possible:

- a) the Trust's accounting records are accurate and complete.
  - b) the financial procedures in operation minimise the risks of misappropriation of funds and assets.
  - c) the Trust achieves best value.
- 5.1** The Central Team - Finance Officer / Finance Business Partner is responsible for preparing monthly bank statement reconciliations for all bank accounts within two weeks of receipt. All discrepancies are to be investigated immediately and reported to the COO and, if appropriate, the bank. The Finance Manager is responsible for reviewing and approving all bank reconciliations.
  - 5.2** The Finance Manager is responsible for ensuring that VAT transactions are recorded accurately, and the VAT control accounts reconciled to support in the preparation of a central Trust VAT return.
  - 5.3** The Trust board are responsible for ensuring that internal control audits take place to provide assurance that the internal controls are robust. The Trust Board will commission an external provider to carry out an annual audit of the controls. The Trust Board will ensure that an action plan is drawn up to address any weaknesses identified and will review this on a regular basis. All internal audit reports will be reviewed by The Trust Board.



- 5.4** The ARR committee will approve the scope of the internal work to be conducted per financial year.
- 5.5** The Trust board must submit to the ESFA an annual summary of the internal audit work that has been completed which includes areas reviewed, key findings, recommendations and conclusions by 31<sup>st</sup> December
- 5.6** It is a legal requirement for the Trust to prepare audited, consolidated accounts. The Trust Members will appoint the statutory auditors to audit the accounts and confirm that they are “true and fair”. The CEO and COO will be required to ensure that up to date and accurate accounts are available and that year end processes are followed. The CEO / COO and Finance Manager will need to be available to support the statutory auditors in conducting their work.

### Separation of duties

- 5.7** It is the responsibility of the CEO / COO and Headteachers to ensure that key financial duties are properly separated between individuals. Functions to be separated between staff will include:
- a) Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee.
  - b) Authorisation – the authorisation of a transaction such as a purchase order and the payment.
  - c) Payment – the raising of BACS and BACS signatories.
  - d) Custody – the holding of goods and services.
  - e) Recording – the completion of the accounting records.
  - f) Post transaction management checking – reviewing previous transactions to identify errors or intentional manipulation.

### Accounting Arrangements

- 5.8** The financial transactions of the school must be recorded in accordance with the Trust’s approved accounting policies and recorded on the accounting system. All transactions input into the accounting system must be authorised in accordance with the procedures specified in this manual.
- 5.9** Entry to the accounting system is password restricted. There must be two factor authentication set on the accounting system.
- 5.10** Access to the component parts of the accounting system can be restricted and the COO is responsible for determining access levels for all members of staff using the system.
- 5.11** The Trust will have a standard chart of accounts which will be used by the individual academies. Requests to set up new nominal codes need to be made to the COO. The HT/SOTL/CFT can request additional cost centres to suit their own individual internal budget monitoring requirements from the COO. The Finance Manager / Finance Business Partner will carry out the amendments to the financial accounting systems as the system administrators.

**5.12** IRIS PS Financials is responsible for ensuring there is effective back up procedures for the accounting system.

**5.13** The Finance Manager is responsible for ensuring the following reconciliations are carried out on a monthly basis and account balances reviewed.

- Debtor control accounts
- Creditor control accounts
- VAT control accounts
- Payroll control accounts
- Bank Reconciliation
- Sundry creditors/accruals
- Sundry debtors/prepayment
- Intra-company accounts
- Fixed asset accounts
- Any other balance sheet accounts as appropriate

Any unusual or long-standing reconciling items should be brought to the attention of the COO.

## **6.0 ASSETS AND INVENTORY**

**6.1** The Finance Manager should ensure that all items which have a useful life and value lasting more than one year and which is above the de minimis level set in the Trusts accounting policies (currently £5,000) are recorded on a fixed asset register and capitalised in the accounting system. The asset register should include the following information.

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding
- expected useful economic life
- depreciation
- current book value
- location
- supplier
- warranty information

Condition of the items should be reviewed annually, and adjustments made to the register if required.

The Asset register should reconcile back to the accounts (balance sheet) and checked at least termly by the COO.

### **Inventory**

**6.2** Each school / Central Estates team in the Trust will keep an inventory to

- Ensure proper physical control of equipment.
- Provide a basis for insurance cover and claims if equipment is damaged or destroyed.

- Provide an up-to-date record of the equipment available for teaching purposes.
- Help the school plan its equipment replacement programme. (IT is managed by the Deputy COO)

All portable items of equipment are logged, if the school chooses to use an invisible form of marking then the item of equipment must carry a visible reference to the fact that the equipment has been security marked.

The following categories of inventory will be entered in the inventory register at the time of acquisition by the school/ Trust: -

- All items valued at £2,000 or more at the time of acquisition or purchase.
- Items below the value noted in above but which are considered attractive and portable.
- All ICT equipment
- Items considered by the Headteacher/COO as being worthy of inclusion.
- Items hired to or leased by the school, that match any of the above criteria will be included but identified accordingly.

The inventory register will record the following information;

- Item description.
- Serial number or asset reference number.
- Date acquired.
- Acquisition cost.
- Asset location.
- If item has been security marked.(Where appropriate)
- Date of last physical check.

The SOTL for primary schools / Heads of Faculty for Secondary school and Central teams Deputy COO / Estates Manager / Finance Manager / FBP are responsible for maintaining the inventory registers.

All inventory items recorded in the register will be checked annually by the relevant delegated person, and certified as correct. Any adjustments arising from the physical check must be authorised as laid down. Evidence of the annual check taking place will be by date and signature of the person responsible for the check on the inventory sheets used for the check. These sheets will be retained on file for at least 24 months to provide an audit trail for changes made to the register as a result of the check.

All authorised disposal of school inventory must be recorded, showing the method of disposal and the authority for such action (see Section 3.5).

A separate 'Off Site Register' shall be kept for all items loaned to members of staff and pupils. In the event of any items not being on site when the inventory is checked, reference shall be made to this on the documentation used for the inventory check. It is the responsibility of the SOTL for schools and Central Team managers to maintain the register.

## **7.0 BANKING ARRANGEMENTS**

- 7.1** All decisions with regard to the choice of banking service provider and subsequent banking arrangements will be made by The Trust Board.
- 7.2** The Finance Manager must ensure that the school accounts never become overdrawn. Any concerns regarding cash flow should be reported to the COO.
- 7.3** The Finance Manager is responsible for carrying out monthly bank statement reconciliations for all bank accounts within two weeks of receipt. Any un-reconciled payments older than six months, and unreconciled receipts older than one month, must be investigated and appropriate action taken.
- 7.4** Trustees will wish to maximise income as far as possible and, where appropriate, a high interest or deposit account will be maintained, in addition to the normal current account. The Trustees need to ensure compliance with the Trust's Investment Management Policy. Currently the trust investments are made on the Insignis Platform, any deposit requests initially require the approval of the Finance Manager or COO, they then require secondary approval by the Deputy COO or CEO before finalisation.
- 7.5** Direct Debit or Standing Order payment arrangements must be authorised by two of the following authorised signatories and retained on file for reference.

Any two of:

CEO

COO

Deputy COO

Finance Manager

Governance Manager

Chair of Trustees

A current bank mandate must be retained on file and the mandated signatories should be consistent with those detailed above.

- 7.6** BACS procedures and control are as follows:

- On initial set up, the Finance Officer will contact the supplier for written confirmation of their bank details, signed by 2 members of the company on their company headed paper.
- On receipt of their bank details (or subsequent changes thereto) the Finance Officer will telephone the company to verify their bank details and will write/sign on the letter that this has been completed.
- The bank details are then input into the Financial Accounting System and are double checked and signed off by the Finance Manager. This signed evidence of independent checking is to be retained for audit purposes.

- On a monthly basis, an audit trail report will be generated to show any suppliers' bank details that have changed- all changes on this report are to be checked off against bank details provided by the supplier and authorised by the COO. This signed evidence is to be retained for audit purposes.
- All BACS payments generated on the accounting system, together with supporting invoices, will be securely electronically authorised by 2 approved signatories, in accordance with the bank mandate and the financial regulations, to confirm authorisation for payment.
- The BACS process procedures will be completed, ensuring the separation of duties are maintained. Payment advices are to be sent to each supplier by CFT.

## **8.0 CONTRACT MANAGEMENT, PURCHASING AND PAYMENT PROCEDURES**

**8.1** A contract register will be maintained that details the contracts, service level agreements and any indemnities that each school has in place. Trustees will have oversight of the register(s) and be given the opportunity to challenge each school's plans for replacing goods and services that are due to expire shortly.

**8.2** The trust is able to enter into indemnities which are within the normal course of business. Any indemnities which are not within the normal course of business will require ESFA approval. The trust will risk assess any indemnity clauses within contracts prior to entering into the contracts and will record details of these in the contract register(s).

**8.3** Budget holders will be responsible for requesting the purchase of items or services from their own budgets and in accordance with their delegated limits.

This will be carried out by the completion of a Requisition on the Trust finance Accounting Software – currently IRIS PS Financials.

**8.4** On receipt of an authorised requisition, a check will be carried out to determine that the appropriate budget has sufficient funds to meet the order. Where sufficient budgeted funds are identified, the Finance Officer will raise an official, sequentially-numbered Purchase Order to send to the supplier/contractor. Reference will be made as appropriate to the procurement standards laid down by the Trust.

**8.5** Orders are to be authorised in accordance with the 'Authorisation Limits' set out in the front of these Regulations.

**8.6** If an order is placed verbally due to urgency, an order form should be used to ensure that a commitment is promptly raised on the financial accounting system. It is not acceptable to wait until the invoice/delivery note is received before entering a commitment onto the financial accounting system.

**8.7** A GRN must be entered to allow invoices to be paid. All invoices received will be checked against the original order for accuracy (and delivery notes where appropriate) and entered

promptly on the Trust's financial accounting system.

**8.8** The cheque signatories are any two from the following:-

CEO

COO

Deputy COO

Finance Manager

Governance Manager

Chair of Trust

**8.9** The Finance Manager is designated to control cheques / BACS and must ensure that:

- a) A current bank mandate is kept on file and that the mandated signatories are consistent with those noted in 7.5 above.
- b) BACS run / remittance reports are kept on file and are authorised by a Finance Officer and then second authorised by a Finance Business Partner.
- c) BACS / Faster Payments are entered correctly on the financial accounting system.

**8.10** The Headteacher/ COO must ensure that all prime financial records are retained for six financial years plus the current year and are stored or scanned and saved in a secure and logical manner.

**8.11** BACS payments will be issued in accordance with the trading terms of the individual contractor or supplier since due regard must be taken of the 'Late Payment of Commercial Debts Regulations 2002'.

**8.12** If discounts are available for prompt payment, then payments can be made immediately, having considered any loss of interest that might arise.

**8.13** BACS run details are held in the financial accounting system and remittance advices are emailed to suppliers.

**8.14** When Invoices are entered on to the financial accounting system, a QR sticker is produced and attached to the invoice then scanned, attached to the relevant transaction and stored electronically in the financial accounting system.

**8.15** Copy invoices are not to be paid unless verified that payment has not previously been made. References back to the original order are to be made in every case. Once the checks have been made, the invoice should be signed to confirm this and endorsed "copy invoice not previously passed for payment".

**8.16** Under no circumstances are payments to be paid against statements.

**8.17** Where appropriate, adequate checks are to be made that the contractors employed for buildings work have Public Liability Insurance Cover, minimum value £5,000,000. It is the responsibility of the Headteacher/CEO/COO/Deputy COO/Estates Manager to ensure that this is complied with.

**8.18** For any order or purchase which is estimated to be less than £5,000 in value, for the supply of goods, materials or services, the budget holder must ensure value for money is obtained.

Orders and purchases between £5,001 and £100,000, will be subject to the receipt of at least 3 competitive quotations, documentary evidence of the various quotations must be obtained, an approved competitive quote form completed and attached to the purchase order and appropriately authorised by the CEO. Where a quotation other than the lowest is accepted authorisation from the COO is required. The Trust will check the DfE's approved frameworks when carrying out procurement activity.

In the event it is not possible to obtain 3 quotations, or the specialist nature of the work ties the organisation to requiring one supplier, a competitive quote form must be completed and full explanation of the reasons and authorised by the CEO.

In accordance with agreed procurement standards, approval of contracts over £100,000 will only be made after following the tendering procedure. The Trust Board will oversee all tendering processes on behalf of the Trust.

### **Internet Purchases**

- 8.19** At all times, the same rigour of internal control must be placed on internet purchases as is normally applied to standard procurement with regard to separation of duties, authorisation controls and independent management checking.
- 8.20** The SOTL/ CFT / Trust PA will be authorised to place pre-authorised online purchases. The internet order must be raised in the name of the school / Trust with the school's address, and not to an individual.
- 8.21** Requests should be made to the Finance Officer from the SOTL/budget holder in the normal manner (from section 8.4), an official order should be raised on the financial accounting system and authorised as specified (section 8.4). Where possible the official order number should be quoted on the internet order as a cross reference.
- 8.22** It is the responsibility of the Finance Officer/ Finance Assistant / SOTL to ensure the internet is the most appropriate means for procurement.
- 8.23** The preferred method of payment for internet purchases will be the request of an invoice from the supplier, which can be paid via the school's normal payment route.
- 8.24** Payment via an issued charge card should be made in the event this option is not available and approved in the usual manner.
- 8.25** Payment by an individual's personal credit card should only be considered when the above options have been exhaustively attempted and failed. The correct authorisation procedure for purchases should still be adhered to (section 8.4), and the school / Trust retains the right to refuse to reimburse the individual if the school's procedures are not followed.
- 8.26** Reimbursement to individuals should be made in the normal manner upon production of an original invoice/receipt. A reimbursement will not be made without a valid receipt.
- 8.27** Supplier VAT invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system (section 8.4). This is especially important if the Trust is to recover any VAT element.
- 8.28** All purchases should only be made from secure websites that the SOTL/CFT/Trust PA has gained

reassurance are safe and free from fraudulent activity. Any purchasing requested for items from either Amazon or eBay require express prior approval from either the FM or COO.

## **Charge Cards**

**8.29** Charge cards are issued by the Trust for key staff members to purchase items for the school / Trust.

- Cards are issued in the individual's name and SECAT.
- The COO holds a list of approved card holders. The Central Finance Team / Trust PA and the School Office Team Leaders are authorised to use cards for pre-authorised online payments as detailed above.
- Cards are to be kept on the card holder's person when not in use.
- Card purchases are subject to the school's purchase/expenditure limits/procedures as detailed above.
- Personal use is expressly prohibited and may result in disciplinary action.
- Card holders are personally responsible for any spend made on their card.
- Prime documents will be retained for 6 years + current.
- Internet purchase limits are detailed above.
- Monthly statements are checked and authorised by the COO/CEO and individual card holders. Any charge card expenditure in the name of the Headteacher will be signed by the CEO or COO or in the case of the CEO, signed by the Trustees.
- Misuse of charge cards by individuals must be reported to the CEO or COO immediately.
- All Charge card use must be pre-authorised by the card holder's line manager and approved by the budget holder, counter signed by the individual who processed the transaction.
- In the case of Headteacher/s all transactions over £100 must be preauthorised by the CEO.
- All receipts must be attached to supporting paperwork, in the name of the school / Trust and a VAT receipt obtained where VAT has been applied.
- The Central Finance team will process authorised transactions on the accounting system.

## **TENDERING PROCEDURES**

### **Introduction to Tendering**

**8.27** Approval of contracts over £100,000 will only be made following the school's tendering procedure. If the school undertakes a high-value or EU-Qualifying purchase, an Invitation to Tender will need to be issued as part of the process, unless using an approved framework. An Invitation to Tender (ITT) is a pack of documents sent out to potential suppliers inviting them to submit a bid.

**8.28** For more specialist or complex works and purchases, the school may choose to appoint a professional third party to carry out the tender process on their behalf i.e. consultant, architect etc. If a third party is used, it is expected to apply these regulations with the same rigour and ensure that the principles of the Office of Government Commerce (OGC) Procurement Policy and Standards Framework are adhered to.



## Forms of Tenders

- 8.29 There are three forms of tender procedure: open, restricted and negotiated, and the circumstances in which each procedure should be used are described below.

**Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the COO how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. 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 the nature of the goods are such that only specific suppliers can be expected to supply the school'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,
- additional deliveries by the existing supplier are justified.

### Preparation for Tender

- 8.30 Full consideration should be given to the objective of the project, overall requirements, technical skills required, after sales service requirements and form of contract. It may be useful after all requirements have been established, to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

### Invitation to Tender

- 8.31 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.

## **8.32 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
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs
- Is there scope for negotiation?

### **Technical/Suitability**

- 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, warranties
- Financial status of 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 audited accounts etc.

### **Tender Instructions**

- 8.33 The invitation to tender should state the date and time by which the completed tender document should be received by the school. 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**

- 8.34 All tenders submitted should be opened at the same time and the tender details recorded. 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 both people present at the tender opening. In the event a third party is used the third party will ensure an equal standard of procedure is applied and recorded.

Two people should be present for the opening of closed tenders as

follows:

CEO

COO  
Headteacher  
Dep COO  
Trustee.

## **Tendering Evaluation and Acceptance**

- 8.35 The Trust Board has set a minimum requirement of 3 tenders for fair evaluation purposes and in the interest of achieving best value. In any consideration of less than that number being received, The Trust Board should consider whether this is sufficient and consider re-tendering. Decisions to go ahead should fully document the justification.
- 8.36 The evaluation process should involve at least two people. Those involved should 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.
- 8.37 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 8.38 Full records should be kept of all criteria used for evaluation and a report should be prepared for the Trust Board highlighting the relevant issues and recommending a decision.
- 8.39 Where required by the conditions attached to a specific grant from the DfE/ESFA, their approval must be obtained before the acceptance of a tender.
- 8.40 The accepted tender should normally be the one that is economically most advantageous in terms of best value to the school that meets all the requirements. All parties should then be informed of the decision. Where a tender other than the lowest has been accepted, the reasons for its acceptance must be documented and reported to the Trust Board. All decisions made must be justified and recorded as such in the minutes of that meeting for future reference.
- 8.41 A copy of the tender documentation should be held on site for easy reference as required.
- 8.42 Acceptance of any tender will be confirmed to the contractor in writing and no work shall be started until this has been done.
- 8.43 Any contracts awarded will include a paragraph to the effect that any contractor will be prohibited from transferring or assigning, directly or indirectly, any portion of the contract to any other person or contractor, without the written permission of the Trust Board.

## **9.0 PETTY CASH**

- 9.1 Petty cash floats, expenditure and reimbursement are expressly not permitted. Expenses or charge cards are required to be used as alternatives.

## **10.0 PAYROLL AND PERSONNEL PROCEDURES**

- 10.1** All staff appointments, amendments to an employee's terms of employment and terminations of employment are to be made in accordance with the arrangements laid down in 3.9.
- 10.2** Neither Headteachers nor the Deputy Headteacher can authorise amendments concerning their own pay and contract conditions. Changes to the Headteacher pay and contract conditions must be authorised by the CEO or COO.
- 10.3** Neither the CEO or COO can authorise amendments concerning their own pay and contract conditions. Changes to the CEO and COO pay and contract conditions must be authorised by The Trust Board.
- 10.4** The Trust Board of Trustees must ensure its decisions around executive pay follow a robust evidence-based process and are reflective of an individual's role and responsibilities. As per the Academy Trust Handbook the following process should be followed. The arrangements for this are set out in the Executive Pay Policy.
- 10.5** The Payroll Manager has responsibility for checking and reconciling actual monthly payroll payments and deductions to those expected and committed using the trust budgeting system and the Trust payroll system.
- 10.6** Payments made each month to Staff and payments made to outside staff agencies are to be debited against the relevant budgets and credited to the MAT payroll control accounts. After the appropriate BACS transfers and the corresponding entries in the payroll control accounts and the school bank accounts have been made, any balance remaining in the payroll control accounts must be reconciled, and appropriate explanations documented. It is the responsibility of the Finance Manager to ensure that this is done.
- 10.7** Each month the Finance Manager will reconcile back to the bank statement all payments for salaries, BACS, and other salary related payments.
- 10.8** Each month the Payroll Manager will check a sample of the personnel records maintained by the school to the payments made by the Trust. It is expected that over the course of a year, every member of staff would have had his/her salary payment checked against personnel records at least once. It is the responsibility of the COO to ensure this is done.
- 10.9** Copies of all individual notifications to the Payroll Manager for processing will be recorded electronically in the payroll system – currently MHR iTrent.
- 10.10** Viv Up Employment benefit scheme is operated by the Trust, this is monitored and maintained by the payroll manager and COO. Full details of the scheme's operational procedures can be found on the intranet.
- 10.11** Below are the key tasks and dates as per the payroll process.

<b>Task</b>	<b>Responsible Person/s</b>	<b>Due By</b>
Overtime cut off	SOTL/HT	4th
HR Cut off	HR Team	8th
Payroll inputting/checking	Payroll Manager	10th
SOTL check	SOTL	11th
Payroll run	Payroll Manager	13th
HT/CEO sign off	HT/CEO	15th
TPS Payment/Submission	Payroll Manager Payroll	15th (following month)
Bacs	Manager/Finance	16th-18th
HMRC Payment	Payroll Manager	19th (following month)
LGPS Payment/PN11	Payroll Manager	19th (following month)
Pay Day	Payroll Manager	21st
Reconciliation	Payroll Manager	26th
iTrent/IMP reconciliation	Payroll Manager	28th
LGPS Submission	Payroll Manager	29th (following month)
3rd party payments	Payroll Manager	30th

## **11.0 INCOME**

### **General**

- 11.1** It is the responsibility of the SOTL/Finance Link Person to ensure that all income due to the school has been received, and that all income due to the school is collected. It will be reconciled to the financial accounting system by the central finance team.
- 11.2** Bromcom is used for all Trust income as this collects income electronically and identifies the correct posting location, issues receipts and gives a clear report of all income received and credited directly in the Trust bank account. The system is administered by the Data Manager / SOTLs and SOAWAs being the local administrators. The online payment system is used for all Trust income including Trips, Dinner Money, ticket sales etc.
- 11.3** Where sales invoices are issued, payments should be made directly in the Trust bank account which will be assigned to the sales invoice and reconciled.

### **Custody**

- 11.4** When cheques are received and where no other formal documentation exists, receipts should be issued from the financial accounting system. All cheques must be kept in the safe prior to banking.
- 11.5** Monies collected must be banked in their entirety (intact) in the appropriate bank account. The central Finance Officers are responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system and

related system generated reports. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Finance Manager.

### **Automated On- Line Payments**

**11.6** When setting up a contract with a new supplier for provision of an online payment system, consideration should be given to the following areas:

- i) Basis of fees payable to the company.
- ii) Complete audit trail and facility of income reconciliation of totals received.
- iii)) Reminder facilities to chase up overdue amounts.

Any contract for the services of an online parental payment system Service Provider will be reviewed regularly to ensure that the school is getting value for money and that the provider is giving an adequate service. A copy of the contract should be held in the school.

## **12.0 RISK MANAGEMENT**

**12.1** The Trust Board has overall responsibility for risk management and must not delegate overall responsibility to a committee. The Trust board must maintain a risk register. The Schools / COO will support the Trust's risk management strategy by ensuring that they prepare a risk register which is regularly maintained and submitted for monitoring to The Trust Board. It should identify significant risks and the member of staff responsible for managing it. A copy of the register should be presented to the ARR at every meeting. Termly, a copy should be forwarded to The Trust Board.

**12.2** Where risks arise that threaten the reputation of the Trust or the financial viability of the school, they should be notified to The Trust Board immediately.