



Lydiate Learning Trust

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1. Introduction

1.1. Overview

This document is intended to meet the Trust's obligations under SORP, Charity Law and the statutory and regulatory framework as laid out in the Academies Financial Handbook. The Academies Financial Handbook is issued by the Education and Skills Funding Agency (ESFA) and updated annually for the start of the academic year.

Academies are charitable companies and are also classified by the Office for National Statistics as central Government public sector bodies and are therefore subject to public standards of accountability.

Academies are required to appoint an Accounting Officer who will have personal responsibility to Parliament for regularity (spending money for the purposes intended by Parliament), propriety (handling money honestly and avoiding conflicts of interest) and value for money. The role of the Accounting Officer for the Trust is the Executive Headteacher, who is also the Chief Executive Officer (CEO).

The Academies Financial Handbook sets out the basic financial management, control and reporting requirements to which academy trusts must work, and reflects and supplements those rules set out in the academy trusts' funding agreements. The handbook, together with the funding agreement (of which this document forms part), describes the financial relationship between the ESFA and the academy.

The Lydiate Learning Trust (LLT) Board is responsible for the financial management of the school. They have put in place a scheme of delegation that specifies the financial functions it chooses to delegate to a committee or individual.

The financial regulations sit below the scheme of delegation to ensure that the individual academies within the Lydiate Learning Trust (LLT) maintain and develop systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate correctly to meet the requirements of the funding agreements between each of the Academies, LLT and the Department for Education (DfE).

Compliance with the scheme of delegation and the financial regulations is compulsory for all staff connected with the Trust. A member of staff who fails to comply with the either document may be subject to disciplinary action. The CEO may report such breaches to the LLT Board through the LLT Finance & Audit Committee.

Where fraud or irregularity is identified or suspected by Trust management or internal audit, matters will be reported immediately to the Chief Executive, who will then consider what action is appropriate, including the possibility of legal proceedings.

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All enquiries concerning these regulations should be directed in the first instance to the Director of Finance & Operations, who also acts as the Chief Financial Officer (CFO).

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook published by the Education and Skills Funding Authority (ESFA). The financial regulations expand on the handbook and provide detailed information on the Trust's accounting procedures. It should be read and understood by all staff. Where appropriate and necessary, training will be provided by the LLT finance team.

1.2. Accounting Systems and Controls

All the financial transactions of the Trust and member schools must be recorded on the PS Financial (PSF) accounting system. The PSF accounting system is operated by finance staff at each school and the Trust.

Access to the component parts of the accounting system can also be restricted and the system administrator, under the direction of the CFO, is responsible for setting access levels for all members of staff using the system.

2. Financial Management

2.1. Financial Planning

The CFO is responsible for co-ordinating the annual financial planning exercise for the Trust. The headteacher for each school supported by the finance team, under the guidance of the CFO, will be responsible for the financial plan for their school. The CFO will issue a timetable together with a set of minimum requirements for the following:

- Detailed financial forecast for the current year
- Detailed budget for the forthcoming year
- Financial projections for the medium term

The financial plans should be consistent with the aims and objectives of the Trust.

The individual plans for each school will be reviewed by the LLT senior management. Following the review and once plans are finalised the CFO is responsible for consolidating all school plans into a combined LLT position.

The LLT Board is responsible for reviewing the financial plans and approving the budget for the following year. Once approved, the CFO will take responsibility for provision of the financial information to the ESFA in the format stipulated.

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The approved budget must comply with the requirements as set out by the ESFA in the Academies Financial Handbook.

Once the budget is approved by the LLT Board any adverse movement, based on an individual school level, must have prior approval as follows:

Movement from Approved Budget	Prior Approval						
Adverse movements in any one of the following categories needs further approval							
<ul style="list-style-type: none"> ▪ Total funding income ▪ Total non-funding income ▪ Total non-payroll expenditure ▪ Total payroll expenditure ▪ Total capital expenditure 	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Less than £25,000</td> <td>CFO</td> </tr> <tr> <td>Less than £50,000</td> <td>Chief Executive</td> </tr> <tr> <td>£50,000 or more</td> <td>Trust Board</td> </tr> </table>	Less than £25,000	CFO	Less than £50,000	Chief Executive	£50,000 or more	Trust Board
Less than £25,000	CFO						
Less than £50,000	Chief Executive						
£50,000 or more	Trust Board						

The headteacher has overall responsibility for ensuring the school achieves its approved budget position with any adverse movement to be notified to the CFO as soon as it is known.

The finance team will review the full year budget on a regular basis and produce updated full year forecasts as required. Headteachers will have input into the re-forecasts and be asked to provide explanations for movement from the approved budget.

2.2. Management Accounts

The CFO will publish a timetable for the production, issue and review of monthly management accounts. The CFO will also take overall responsibility for the review and approval of the management accounts prior to issue.

The finance team will produce monthly management accounts for each member school. The CFO will be responsible for the consolidated management accounts position.

Once approved the management accounts will be issued to LLT senior management. The most recent management accounts will be issued to each LLT Board meeting (with the exception of the September meeting which is primarily for review of exam results and start of term business). Once issued the finance team will provide an overview of the monthly management accounts to senior management.

As a minimum the management accounts will contain the following:

- Income and expenditure account with expenditure to date compared to budget and latest full year forecast compared to full year budget with variance explanations
- Balance sheet
- Cash flow statement (on a 12 month rolling basis), also shown graphically

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2.3. Budget Holders

Budget holders are responsible for financial management in their own areas. They are advised by the finance team in executing their financial duties. Budget holders should not exceed their budget allocation but if the situation arises the Finance Manager should be notified in advance who will decide the appropriate course of action required.

3. Security and Integrity

3.1. Register of Pecuniary 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, directors, governors, senior leaders, budget holders, finance staff and any other staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.

The declaration contains a brief description of any pecuniary interests and is signed and dated before inclusion in the register. The register of interests must capture relevant business and pecuniary interests, including:

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

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent, spouse, child, cohabitee and business partner where influence could be exerted over a governor 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 directors, governors and staff to declare interests whenever they are relevant to matters being discussed by the Trust Board or a local governing body or a committee. Where an interest has been declared, directors, governors and staff should not attend that part of any committee or other meeting.

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Examples of such improper influence might be:

- Purchasing from a company in which a governor/staff member has a financial interest without going through the correct procedures i.e. obtaining competitive prices.
- Promoting/appointing a member of staff who has a close personal relationship with a governor/staff member, without going through correct procedures i.e. recruitment and selection.

Where a specific pecuniary interest has been identified the person with the interest **must not** be involved in the procurement and/or decision making process. At meetings the interested party should declare their interest at the commencement of the meeting and withdraw from the meeting at the appropriate time.

Board and Local Governing Body Members

The Clerk will ensure that each member of the Board and local governing body has declared his or her respective interest by supplying a declaration on appointment and annually, at the start of each academic year.

At any meeting of trustees and governors the Clerk will request any new declarations of interest.

Employees

All staff who have any financial responsibility must complete a declaration of business interests form on appointment and annually, at the start of each the academic year. The Finance Manager for each school is responsible for administering the process and maintaining the register.

3.2. Gifts and Hospitality

No member of staff shall accept gifts or hospitality from any person or organisation where the organisation could not reasonably be expected to reciprocate the gift or hospitality. Also, staff should not accept any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

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

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Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality.

Any such gift or hospitality in excess of £10 (including multiple gifts or hospitality from the same person or organisation) within any 12-month period shall be declared to the Trust Accountant who will keep a central record. This rule applies even if the offer has been declined. Such gifts and hospitality should always be declared as an interest if relevant matters are discussed in meetings of senior management, the Trust Board and any of its sub committees and local governing bodies.

Gifts that are received in an official capacity shall become the property of the organisation, for example, awards and works of art. Gifts that are clearly personal, for example, clothing and food, may be retained by the member of staff. Gifts that are received in the course of official business, for example, loyalty points from hotels or airlines, shall only be used in respect of official business.

Where hospitality is to be provided and exceeds £50 in value this should be approved in advance, and before any costs are incurred, by the headteacher. Hospitality provided centrally by the Trust is subject to the same rules and must be approved by the CEO.

3.3. Purchase of Goods and Services for Personal Use

The Trust or any member school should not obtain goods or services specifically for private use by the trustees, directors, governors or staff.

3.4. Trust / Member School Specific Stationery

All specific stationery and cheque books are to be kept by the designated Finance Manager in the safe cupboard with restricted access to the keys/passcode.

3.5. Trust / Member School Vehicles

Use of vehicles owned, leased or hired by the Trust should be strictly confined to use required to enable the Trust to run its business effectively. They should not be used for private purposes.

A separate Minibus Policy is in place and this should be read and adhered to by users of vehicles owned by the Trust / school.

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3.6. Document Retention

All documents relating to finance will be retained for 6 years plus the current year, either as a paper copy or as a scanned copy. Some grant funded projects may have special retention conditions attached to them which must be adhered to.

4. Handling Monetary Transactions

With the exception of the finance team, unless specifically authorised to do so by the Finance Manager no department or individual member of staff is permitted to handle inward or outward payments (e.g. cash, cheque, or credit/debit card transactions) on behalf of the Trust.

Each school operates ParentPay, an online payments system. ParentPay also has the capability to accept PayPoint payments which is accessed via many local retailers. ParentPay is the preferred method of accepting inward transactions from parents or students. Payment in cash or cheque should only be accepted by departments who have the prior approval of the Finance Manager.

Each school operates Reval machines for dinner money cash, in the exceptional circumstance the machine fails then cash should be taken by canteen staff and then checked before handing to finance. Finance then need reconcile to the same amount before accepting.

Department managers who are permitted to handle cash must operate within their departmental cash limits and cash banking procedures issued by the Finance Manager.

4.1. Petty Cash

Petty cash is administratively convenient for making small payments.

Each school within the Trust maintains a maximum cash balance of £500 on each site. Petty cash (including the petty cash book and any receipts) should be held in a locking cash box kept in the locked safe when not in use. The cash is administered by the Finance Assistant or the Finance Officer in their absence.

The petty cash float is topped up via the school kitchen takings (Reval machines). The only deposits to petty cash should be from journals entered by the finance team. The journal should be recorded in the petty cash system with the date, amount and correct codes journaling the cash collected from the kitchen income to petty cash. All other cash receipts for whatever reason should be paid directly into the bank.

The Finance Assistant is responsible for entering all transactions into the petty cash records on a regular basis. Unannounced cash counts should be undertaken by the Finance Officer to ensure that the cash balance reconciles to supporting documentation. A reconciliation form must be completed by the counter and a witness.

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It should be noted that petty cash payments to staff and governors for purchases of goods and services should be by exception with the usual purchasing route, via the finance team, used in most instances. In the interests of security, petty cash payments will be limited to £30. Higher value payments will be made via BACS to the claimant's bank account.

Claims for petty cash are presented using a petty cash claim form authorised by the appropriate budget holder. Claims can only be reimbursed on production of valid receipts attached to the claim form. The receipt of cash is signed for by the claimant on the official petty cash claim form. If receipts are not available payment may still be made at the discretion of the CFO. Petty cash claims should be submitted within 3 months of the purchase date.

Cash advances may be paid up to £30 using the petty cash claim form signed by the recipient and the budget holder. If requested to do so by finance the recipient should retrospectively provide receipts to support the expenditure. Cash advances exceeding £30 may be permitted in exceptional circumstances but must be approved by the Finance Manager.

Receipts should be given in all instances.

4.2. Foreign Currency Orders

When ordering foreign currency for trips, the Finance Assistant must ensure the trip has money to cover the amount or has written permission from the Headteacher for the trip to be overspent.

When in a position to order, the trip leader must request the amounts required and in what currency via email/purchase order. The order is then made through telephone banking directly with the school's bank account and debited direct from the account. This is then collected via the branch and signed over to the trip leader at a convenient time, until then it is stored in the safe.

Upon return the trip leader must provide a breakdown with receipts to show what has been spent on the trip. Any money being returned can be deposited back into the trip account or foreign currency can be held in the safe for next year if an annual trip.

5. Banking

5.1. Administration of Bank Accounts

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

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

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Established robust controls for the operation of bank accounts incorporating the following control features:

- The opening and closing of bank accounts are authorised by the CEO.
- All bank transactions must be conducted as per the banking mandate.
- Instructions to change the mandate should be given by the CFO and amended as per bank regulations.
- All cheques are crossed "account payee only".
- Cheques should not be pre-signed.
- Cheque books, pay-in books and any other bank books or cards should be held in the safe when not in use.
- Bank reconciliations should be performed monthly from bank statements to accounting records and any reconciling items should be resolved.
- Where practical, persons responsible for performing bank reconciliations should not be responsible for processing of receipts and payments and,
- All funds surplus to immediate requirements should be invested in accordance with the investment policy.
- Signatories to the bank account and access to electronic banking is administered by the Trust Finance Manager under the direction of the CFO and in accordance with the bank mandate.

Financial regulations prohibit overdraft or loan facilities; this applies equally to all funds and the accounts are therefore not allowed to be overdrawn on a total Trust basis in any circumstances.

5.2. Bank Reconciliations

Within five working days of the month end the Finance Manager at each school performs the bank reconciliation back to the accounting system. Any un-reconciled items should be reported to the Trust Accountant who will decide the appropriate action to be taken.

5.3. Set-up or Change of Payee Bank Details

Background

There is a major fraud threat where fraudulent requests are made seeking to amend the bank details of existing suppliers. There is a need to ensure that sufficient procedures and controls are in place for the processing of requests to set-up bank account details for new suppliers and amend bank account details of existing suppliers. The term supplier in this instance refers to any payee including, but not limited to, contractors, suppliers of goods and services, staff and students.

The vigilance of staff can prevent and foil fraudulent attempts to change bank details that could result in the transfer of funds to bank accounts which do not belong to the bona fide supplier. Some of the characteristics of fraudulent attempts to change bank details include:

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- verbal and email requests being received to have bank account details changed;
- elaborate requests with the fraudster adopting the identity of the supplier, using official looking stationery to request changes;
- requests to change bank account details can be preceded by requests to change suppliers' contact details;
- in some instances, genuine supplier reference numbers have been quoted to add authenticity to the request, these having been obtained through earlier engagement with the paying organisation;
- in a number of instances, the attempts made related to suppliers operating in the construction industry.

Finance staff and others dealing with any changes to supplier details should be aware of this fraud risk.

Prevention

Changing bank accounts is an unusual occurrence and therefore any request to update records should be treated with suspicion. All the information presented may be correct, including directors, key contract staff, and signatories, having been collated and checked against different sources. They may be routed directly or in such a way that they appear to be from another part of the organisation, even if apparently authorised by a senior manager, the request should be thoroughly checked.

Staff must be careful about the information they give out to callers regarding the organisation's payment processes and any unique supplier identifiers etc. which may be held. Such callers may not be genuine and may help the fraudsters by making their subsequent requests more authentic looking.

The following process should be followed for the set-up of new bank account details or a change of bank account details, irrespective of the payment method.

With the exception of employees, the Set-up or Change of Payee Bank Details form should be fully completed in all cases. In completing the form, the finance team should:

- closely scrutinise all requests, no matter how minor;
- suppliers should be independently contacted to verify that any change of bank details or contact details is genuine.
- verification should not be made using the document/letter which has been received requesting the change (which may contain false contact information) but should be done using existing contact details held on file or by contacting the main switchboard or accounts department direct. It may also be useful to check details provided via an internet search of the company name. It may also be necessary, and prudent, to follow up this initial verbal contact by obtaining further written confirmation from a known contact in the supplier's firm before making changes.

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Once the form is completed it should be submitted to the Trust Finance Manager who will be responsible for verifying that independent checks have been completed prior to changing the details in the finance system.

The set-up or change of bank details for all employees should only be accepted when submitted on the official HR form signed by the employee or an instruction received by HR from the employee's staff email account. Personal emails will not be accepted.

5.4. Investment Policy

The aim is to spend the public monies with which we are entrusted for the direct education benefit of students. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

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, we will invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

It is the responsibility of the CFO to generate as much bank interest as possible from any cash balances that the establishment may have. Currently, and during this period of low interest rates on deposit balances, the Trust generates interest on balances held in its current accounts on a daily basis.

Any decision to place funds on deposit for a fixed term for any length of time must be agreed by the LLT executive team.

Investments must guarantee complete integrity of funds and be consistent with the ethos, aims and objectives of the Trust.

6. Purchasing

6.1. Overview

The Trust Board have regard to value for money considerations, that is, of quality or fitness for purpose and delivery against price, in all purchases of works, equipment, goods and services. This means that the Trust want to get what it needs in the correct quality, quantity and time at the best price possible.

Except where there are good reasons to the contrary, contracts must be placed on a competitive basis, the lowest tender or price to be accepted; where a different decision is taken the reasons for it must be documented.

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Contracts should also be reviewed and re-negotiated at regular intervals where appropriate. All staff with responsibility for purchasing do so with regard to best value. The vast majority of purchases will be paid for with public funds and the Trust needs to maintain the integrity of these funds by following the general principles of:

- Probity – to demonstrate that all parties are dealt with on a fair and equitable basis and that there is no private gain, favouritism or corruption involved in any of the dealings of the Trust;
- Accountability – the Trust Board is publicly accountable for its expenditure and for the conduct of its affairs; and
- Value for money – the achievement of value for money underpins the appropriate use of public funds. It is usually defined as economy, efficiency and effectiveness where:
 - Economy is minimising the costs of resources used having regard to appropriate quality;
 - Efficiency is the relationship between the output (however measured) and the resources used to generate that output;
 - Effectiveness is the extent to which the objectives are achieved and the relationship between the actual and the intended outputs from an activity.

6.2. Routine Purchasing / Ordering

As a general principle all routine or recurring purchases of goods and services must be acquired using the Trust's ordering procedure and in accordance with value for money.

It is imperative that all necessary paperwork is completed and approved before any commitment is given to purchase goods or services. The receipt of the purchase order by the supplier will be official notification that any commitment exists.

Consideration should always be given when choosing a supplier to quality of service and value for money, using a purchasing framework where appropriate. It is the budget holder's responsibility to ensure that they have sufficient budgetary provision and that best value is achieved.

A purchase order form should be completed and appropriately authorised. Purchase orders should be sent to Finance who will input to the accounting system, which generates a sequentially numbered order. All orders sent to suppliers must be made, or confirmed, on the official purchase order.

Any order which causes the amount spent to exceed the budget for that cost centre must be put on hold and notified to the Finance Manager who will decide the most appropriate course of action required.

All orders once approved by the budget holder must comply with the approval limits as set out in the Scheme of Delegation.

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The Finance Manager should notify the CFO of any issues relating to continued non-compliance with the purchase order procedures.

6.3. Tendering

Tendering is a formal procedure in which suppliers are invited to submit a sealed bid to a purchaser.

All items of expenditure (whether tangible or intangible) above £30,000 shall be subject to award by tender. The £30,000 threshold is the cost of the contract over the contract life and not the annual cost. Exceptions are permitted for standard IT purchases and for utility contracts subject to approval from the CFO.

In the first instance, contact the CFO who will provide guidance on the procedure and compliance with procurement legislation.

The responsible body in the Trust (normally the appropriate budget holder for the relevant cost centre), guided by the CFO, shall ensure that at least three tenders are sought from appropriate companies. No governor or member of staff with a pecuniary interest may take part in any aspect of tendering and awarding contracts.

Invitation to tender shall include all details necessary for companies to undertake an assessment of an appropriate tender. Tenders must be required by a given date not less than two weeks after the issue of invitations to tender. Any information given to any potential supplier/contractor must be given to all. Employees of the Trust shall divulge no information which would give any party an advantage.

Tender documents shall be stored securely and must not be opened before the expiry of the given deadline. No tender shall be communicated to another party before or after the process.

The tender documents shall be opened in the presence of no less than three members of Trust staff of which one must be a member of LLT executive team and one must not be involved in the process. A representative of the Trust Board may be invited to substitute for a member of staff if the CEO thinks this is necessary.

A list of contractors must be made on opening contracts, detailing the amount of the tender and any relevant details. Any invited contractors who failed to tender should also be noted, alongside selection criteria and reason for selection of the successful contractor. All tender documentation must be kept securely for twelve months.

Any tender that arrives after the stated closing deadline must remain unopened and therefore not part of the consideration when the tender is awarded.

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A decision on the provider/contractor to be appointed shall be made on clear and careful considerations of cost, quality, timescale and value for money. The panel should account for their decision to the approving body if so requested within six months of the award of a contract/purchase.

A contract should be drawn up and signed for all on-going services above £30,000. If contract negotiations prevent this initially, then a Letter of Intent should be signed before services commence. Consultants may be appointed if the project/tender is deemed to be too large or too specialised. This decision will be made by the CEO and the appointment will be subject to tendering and other procedures as appropriate.

Guidance on best practice issued by the funding bodies should be followed even if their approval is not required.

6.4. Receipt of Goods

On receipt of the goods the budget holder must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the finance office should be notified. Once GRN's have been agreed the budget holder should send to Finance for input to the accounting system.

For goods with a value of £2,000 or more the GRN must be actively pursued by Finance and retained with the invoice prior to payment being made.

6.5. Invoicing

All invoices should be sent to the finance office. Upon receipt invoices received should be date stamped with the date of receipt and input on to the finance system. At the point of input to the system the invoice should be scanned and attached to the PSF document reference.

Budget holders are required to sign the invoice to indicate receipt of the goods. The budget holder's signature is an instruction to pay the invoice, subject to any further levels of approval as set out in the Scheme of Delegation. The invoice should be placed on hold until approval is obtained. The Finance Assistant should run a system report of all invoices on hold and chase approval to ensure timely payment.

Payments shall normally be made against original invoices, not photocopies, delivery notes, statements or reminders provided by suppliers. In the event of the original being lost, a copy must be obtained from the supplier, and must be clearly marked as "Certified as original copy - not previously recorded in the accounts".

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If a budget holder is pursuing a query with a supplier the finance team must be informed of the query and periodically kept up to date with progress.

6.6. Payment of Invoices

At least fortnightly a list of outstanding invoices will be reviewed by the Finance Manager who decides which creditors should be paid based on the due dates with regard to maximising the Trust's cash flow.

A BACS report is generated by the Finance Manager and processed for payment. The BACS payment must be authorised in accordance with the banking mandate.

Manual cheques are signed in accordance with the banking mandate. Any blank pre-printed cheques and cheque books are kept in the safe and no pre-signed cheques are ever held. A cheque request should be submitted for all cheques issued.

6.7. Non-order Invoices

Non-order invoices are checked by the Finance Assistant to ensure that they are reasonable and the exact same procedures are adhered to, for processing order invoices.

Non-order invoices usually relate to telephone orders (only made in emergencies, and kept to a minimum) and recurring charges such as utility bills.

Direct debits save both staff time and the cost of cheque stationery if used for regular payments for services; provided these services are secure (i.e. rates, leases etc.) and that:

- The finance team monitor direct debits which are typically for utilities, telecoms and rates.
- VAT can only be re-claimed, provided the supplier submits a VAT statement.
- The finance team must reconcile direct debits regularly.

6.8. Credit Cards

The Trust operates credit cards. The cards are issued to and for use by the named card holders only. Use of the card by the card holder is subject to the terms and conditions of the issuing bank and the Trust's Credit Card Policy. This policy must be signed by the card holder before the card is used.

Additional card holders must be approved by the Trust's CFO.

As with any school purchase a purchase order is required signed off by the budget holder. The Finance Assistant then processes the order onto the finance system as a credit card expense whilst placing the order. The card statement is reconciled in the accounting system as soon as possible, for month end purposes. The Trust's Finance Manager then processes the monthly payment journal which clears the

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credit card control account. Missing receipts must be reported and discussed with the Trust’s Finance Manager and may lead to the removal of the privilege of holding a card.

Withdrawal of cash is a facility of the credit card however such withdrawals incur a fee and therefore the use of this facility should be avoided. Unless authorised to do so by the CFO no cash withdrawals should be made by the card holder.

To avoid infringing the Trusts’ borrowing restrictions a direct debit is set up to repay the balance outstanding in full, each month.

7. Staff Expenses

7.1. Core Principles Applying to All Types of Expenses

The purpose of this section is to ensure that employees are properly reimbursed for legitimate business expenses and to ensure that expenses claimed are reasonable, offer best value and are treated appropriately for tax purposes. Staff expenses are not a form of payment or additional reward.

Staff are responsible for ensuring that:

- claims are in accordance with this and other relevant Trust policies
- value for money is obtained at all times by
 - assessing the costs and benefits prior to any commitment being made to determine that the most appropriate, cost effective and economic options are chosen
 - ensuring that no unnecessary costs are incurred
- have prior approval from the relevant budget holder before any costs are incurred
- claims are accurate, complete and submitted within six months of incurring the expense.
- all receipts and additional evidence or explanations in support of the claim are attached to the appropriate claim form. If receipts are missing payment may be made at the discretion of the Finance Manager.

Prior to payment of any expenses the appropriate level of authorisation must be obtained. The budget holder must authorise the expenses. If the expenses are incurred by the budget holder and the value exceeds £10 then a member of the senior leadership team, who must be senior to the claimant, must approve the expenses. Expenses incurred by the Headteacher must be approved by the CEO. Expenses incurred by the CEO are to be approved by the CFO.

Expenses incurred as part of an approved staff development initiative must be approved by the budget holder for staff development.

Once expenses are approved they will be paid via the Payroll system into the employee’s bank account. Payment in cash is at the discretion of the CFO. A sample of claims will be audited. Claimants

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and approvers are reminded that knowingly falsifying a claim will result in disciplinary action and may result in criminal proceedings.

7.2. Accommodation

Accommodation may be booked where staff cannot reasonably be expected to make the return journey in the same day. Prior approval should be obtained from a member of the senior leadership team who must be senior to the staff member. Accommodation for a headteacher is to be approved by the CEO and the accommodation for the CEO is to be approved by the CFO.

Staff are expected to obtain the best value for money when booking accommodation. The total cost for the hotel bills for bed and breakfast, including service and VAT should not exceed £90 per night (£100 per night in London).

It is accepted that in some circumstances the nature of the event does not enable the above rates to be adhered to. In such circumstances approval may be given to higher rates by the Headteacher (for the Headteacher approval is required from the Chief Executive).

7.3. Other Subsistence Expenses

Staff are responsible for paying for their own lunch and other meals, regardless of whether they are on site or elsewhere. Subsistence is therefore not normally payable. It is however accepted that where a member of staff has to incur additional costs because of a long stay away (in excess of 12 hours), then these costs should be covered by the Trust. The maximum costs that can be claimed including VAT is as follows:

Breakfast	£5.00	(when not included in overnight accommodation)
Lunch	£6.50	
Tea	£2.50	} cannot be claimed together
Dinner	£15.00	

Where claims are made in accordance with the above paragraph, tips and gratuities are given at staff discretion and will not be reimbursed. However, service charges automatically included in the overall cost of a meal and included on the receipt for the meal will be reimbursed so long as they are no more than 10% of the cost of the meal.

In some circumstances, where the cost of dinner has exceeded the overnight rate, a claim for reimbursement may be approved by the CFO for receipted expenditure accompanied by reasons for the excess. Examples of such circumstances would be for health and safety reasons where it would not be safe for a member of staff to eat outside of the accommodation where they are staying.

Under no circumstances will the Trust reimburse the costs of tobacco or alcohol.

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7.4. Travel Expenses

Travel by Public Transport

Public transport should be used wherever possible. Economy / standard class travel should be used in all instances unless travel by first class is cheaper.

Taxi fares, subject to production of receipts, may be claimed for essential journeys in the local area and for journeys to and from stations and meeting / conference locations.

Travel by Private Car

Private vehicles may be used provided there is benefit to the Trust and the private car represents the most cost effective means of transport.

Staff driving on official business for the Trust using a private vehicle must ensure that the vehicle they are driving / travelling in has a valid MOT (where required), is properly maintained and serviced and is insured for business use. The member of staff should also hold a current UK driving licence, fully valid for the class of vehicle, at the time of the journey.

The Trust does not hold any insurance cover for staff who use a private vehicle for business use. Staff must ensure that they have their own insurance cover which specifically covers them for business use. The Trust accepts no liability for any accident, loss, damage or claim arising out of any journey made on the Trust's business (unless caused by the Trust's negligence). The Trust will not pay for the cost of any insurance policy on staff members' own cars as a contribution to this cost is built into the mileage rate.

Examples of business use in a private vehicle includes travel to an offsite meeting, travelling to another Trust site other than the permanent / usual place of work, transporting students to hospital or school events and travel to courses as part of training and development.

In advance of using a private vehicle for Trust business staff must complete a 'Use of Private Vehicles for Trust Business' form and provide the information requested on the form to Finance. Once completed this process must be completed annually for continued use.

Reimbursement of business mileage expenses can only be paid if the 'Use of Private Vehicles for Trust Business' form has been completed in full. Mileage allowances are paid for the actual distance travelled less a deduction for the employee's normal home to permanent workplace mileage (unless travel is directly from the normal place of work).

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The rates payable per business mile is as follows:

Type of Vehicle	First 10,000 Miles	Above 10,000 Miles
Cars and Vans	45p	25p
Motorcycles	24p	24p
Bicycles	20p	20p

The Trust accepts no liability for any fines or penalties incurred during any journey.

7.5. Foreign Travel

The approval for foreign travel by staff, trustees, directors or governors, including travel with or without students sits outside the scope of this document.

Cash and / or travellers cheques for foreign travel are obtained by the finance team in the most economical fashion.

The use of personal money should be avoided wherever possible, but where necessary best endeavours should be used to secure the best exchange rate. The Trust will verify the exchange rate submitted as part of any overseas expenses claim.

The Trust will reimburse staff for any travel visas required for business travel. The employee is responsible for paying for their own passport and for ensuring that they have a minimum of six months remaining, prior to the expiry date.

Once a trip has been authorised the Trust will provide business travel insurance for staff, trustees, directors, governors and students. Details of the standard travel insurance offered can be obtained from the finance team.

7.6. Expenses for Trustees, Directors and Governors

Trustees, directors or governors may be paid expenses for travel, accommodation or subsistence in accordance with the same rules that apply to Trust staff.

No allowances are paid to trustees, directors or governors in the performance of Trust duties.

All expenses incurred must be approved by the Clerk to the Trust or Clerk to the Local Governing Body. In the case of the Chair the CFO should check and countersign the claim.

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8. Payroll

8.1. Payroll Administration

The payroll is administered on behalf of the Trust by an external payroll provider. The payroll provider issues an annual timetable for the payroll process. All staff are paid monthly via BACS by the payroll provider. Sickness and other absences during the month and any new appointments or terminations will be recorded by the HR Officer and forwarded to the payroll provider for processing.

The Finance Manager prepares and posts the payroll costs to the finance system. Postings will be made both to the payroll control account and to individual cost centres. The Trust Accountant should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, and that appropriate expenditure accounts have been correctly updated and to identify any amounts posted to suspense accounts.

8.2. Payroll Payments

All payments to employed staff, including expenses must go through payroll to ensure that HMRC legislation is complied with.

Ad-hoc payments (e.g. overtime, additional hours, expenses etc.) may be made to staff subject to completion of the correct form and appropriate approval. The need for working overtime / additional hours must be approved in advance by the employee's line manager. Each claim form is to be checked for accuracy and countersigned by the Finance Assistant prior to submission to the payroll provider for payment.

A timetable for submission of claims will be issued to all staff. It is the individual's responsibility to submit the claim to Finance by the cut-off date. Claim forms that are submitted after the cut-off date will be processed the following month.

The HR Officer is responsible for submitting the claim forms to the payroll provider for payment.

8.3. Payments to Non Trust Individuals

IR35 Legislation

IR35 is tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used.

IR35 was introduced to tackle the problem of 'disguised employment'. This is where organisations engage workers on a self-employed basis and usually through an intermediary, rather than on an employment contract, so they become disguised employees.

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This can save the engaging organisation a significant amount of cash as they no longer have to pay employers' NICs, and it also means they do not have to offer any employment rights or benefits.

HMRC have recently tightened the guidance relating to IR35 legislation. The Trust should avoid the use of so called 'disguised employment' but if this route is taken then advice should be sought from the CFO before engaging the individual. It is the responsibility of the Trust to pay the relevant NIC contributions.

Self Employed Individuals

Self-employed people, who fall outside of the IR35 legislation, and who declare that they are registered with HMRC may be paid direct. Self-employed individuals must sign a declaration agreeing that they will declare all payments to HMRC on an annual basis through their tax returns. The declaration should include their full name, NI number, address, their unique tax ref (UTR) and a brief description of the work they have been commissioned for.

9. Income

9.1. Overview

The main sources of income for academies are grants from the ESFA. Grant income should be monitored by the Finance Manager against the grant notification schedule issued by the ESFA.

The academies also obtain income from:

- Other Government departments e.g. Local Authorities for special needs funding
- Students, mainly for trips and
- The public, mainly for lettings

Once income is received in the bank account it should be posted to the finance system by the finance team.

The Finance Manager shall ensure that all income is accurately accounted for, promptly collected and banked intact.

9.2. Debtors

Any service or facility used by third parties who do not pay at the time of use will be invoiced. The invoice will be prepared and sent out by the Finance Assistant on instruction from the person responsible for the service or facility. Invoicing of debtors needs to be prompt and accurate to avoid bad debts. The terms for settlement of an invoice will be no more than 30 days.

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The Finance Officer will monitor the debtors' ledger on a monthly basis. Outstanding debts will be followed up once the payment due date passes and a threat of legal action used as a last resort.

Debts may only be written off in the following circumstances:

- the debtor is insolvent or considered unable to pay
- there is no legal liability for the debt
- the debtor has absconded
- the debt is of such a size as to warrant its pursuit uneconomic
- known circumstances make the likelihood of recovery (including recovery through court action) unacceptably low.

Debts, for any one supplier on an annual basis, may be written off subject to the following approval limits:

Amount	Prior Approval
Up to £250	Chief Financial Officer
£1,001 to £5,000	Chief Executive
£1,001 to £44,999and	Trust Finance & Audit Committee
£45,000 and above *	Refer to Academies Handbook

- * Write-offs which exceed 1% of General Annual Grant in a single transaction or 2.5% in any one financial year are subject to prior approval from the ESFA. Further more detailed guidance can be found in the latest version of the Academies Financial Handbook.

10. Audit Arrangements

10.1. Overview

Auditors appointed by the Trust shall have authority to:

- access to Trust premises at reasonable times.
- access all assets, records, documents and correspondence relating to any financial and other transactions of the Trust
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of the Trust to account for cash, resources or any other institution property under their control
- access records belonging to third parties, such as contractors, when required.

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10.2. Financial Statements Audit

The appointment of financial statements' auditors is the responsibility of the Trust Board who be advised by the Audit Committee.

The primary role of financial statements' audit is to report on the institution's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

Financial statement auditors also undertake all work in connection with the Trust's annual regularity audit, the Teachers' Pensions audit and the Independent Reporting Accountants Report for the Trust's Annual Accounts Return.

The CFO is the nominated regular point of contact for external audit matters.

10.3. Responsible Officer Work

The Trust Board are responsible for ensuring that the Trust operates an effective system of internal control. They choose to appoint an external service provider, as Responsible Officer (RO), to perform independent checks on the Trust's financial systems and procedures.

The Responsible Officer remains independent in its planning and operation and has direct access to the Trust Board, Chief Executive and Chair of the Finance & Audit Committee. Their findings are reported directly to the Trust's Finance and Audit Committee.

The CFO is the nominated regular point of contact for RO matters.

10.4. Statutory Accounts and Year-end Process

The CFO is responsible for co-ordinating the production of the statutory accounts and supporting information for audit review and sign-off.

The Trust is required to submit their audited year-end accounts, management letter and value for money statement to the Education and Skills Funding Agency (ESFA) by 31st December each year.

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

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

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

11. Insurance

11.1. Types of Cover

The CFO is responsible for ensuring adequate insurance is in place for the Trust to support its activities and to comply with statutory requirements.

The Department for Education has a Risk Protection Arrangement (RPA) in place for academy trusts as an alternative to insurance where UK government funds cover losses that arise. The RPA aims to protect academy trusts against losses due to any unforeseen and unexpected event. The intention is that the RPA will, as a minimum, cover risks normally included in a standard schools insurance policy. The RPA is the preferred method of insurance for the Trust. Membership rules for the Risk Protection Arrangement can be obtained from the Department of Education website.

Certain types of cover are not included in the RPA and if required should be obtained via standard insurance arrangements. Currently, the following types of cover are not provided by the RPA:

- Motor
- Overseas Travel
- Engineering Inspection and Insurance
- Occasional Business Use

The headteacher for each school is responsible for notifying the CFO of any covered required that is not automatically covered by the RPA.

Insurance in excess of the level covered by the RPA should be subject to a risk assessment to determine whether the policy concerned would represent value for money.

The Employer's Liability Insurance Certificate should be displayed in the main reception area at all Trust schools.

11.2. Claims

Staff must notified their headteacher immediately of any event which may give rise to an insurance claim.

The headteacher is required to notify the CFO of any such claims and support the CFO with the claims process. Once notified the CFO will take responsibility for coordinating the preparation and submission of the claim form and forwarding to the claims administrator. The CFO will maintain a central record of all claims.

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12. Asset Management

12.1. Purchase of Assets

Acquisitions of assets, known as capital expenditure, are to be approved as per the Scheme of Delegation and must follow the same procedures for purchasing as other purchases.

Acquisition of freehold of land or buildings requires the prior approval of the ESFA. Any such engagement will be the responsibility of the Chief Executive following approval by the Trust Board.

Consideration should be given to the adequacy of the insurance cover when purchasing assets of significant value.

12.2. Asset Record Keeping

All tangible items purchased with a value over £1,000 are classed as capital expenditure and must be recorded on the balance sheet and entered in the fixed asset register. The fixed asset register is primarily used for accounting purposes and for this reason is in a pre-determined format and controlled by the finance team.

Each school should have in place a system of control that ensures portable, desirable and other assets are recorded and adequately safeguarded against loss or theft even if their value falls below the capitalisation limit. These records help to:

- 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
- manage the effective utilisation of assets to plan for their replacement
- support insurance claims in the event of fire, theft, vandalism or other disasters.

All such assets should have a unique security reference number. The asset records should be monitored and updated annually by the school. Discrepancies between the physical count and the records should be investigated promptly and, where significant, reported to the CFO.

12.3. Disposal of Assets

Asset disposals will occur for the following reasons:

- items break
- items become obsolete
- items are stolen
- items wear out
- items reach the end of their useful life

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Some types of asset disposal require the prior approval of the ESFA (consult Academies Financial Handbook for more details). Engagement with the ESFA on such matters will be the responsibility of the Chief Executive of the Trust.

The CFO should be contacted in advance of the disposal of any Trust asset, whether for scrap, sale or exchange who will seek approval as per the Scheme of Delegation.

Assets are defined as those single tangible items that have a value of £1,000 or more at purchase. A disposal will mean that an item will permanently leave the Trust and be deleted from the Asset Register. In the disposal process the following information will be required and formally recorded:

- the number of items disposed of and their asset reference number
- the date of disposal
- the disposal value
- the reason for disposal
- the details of disposal

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence 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.

12.4. Use of Trust Equipment Offsite / Loan of Assets

Items of Trust property must not be removed from Trust premises without the authority of the headteacher. A record of the loan must be kept and when it is returned.

The only exception to this is when a member of staff has been issued with a piece of kit (e.g. laptop, mobile phone, tablet) for their use on Trust business. If any such equipment is used offsite it should be for Trust business and not personal use. If, for example, a mobile phone is used for a personal call the member of staff has a duty to reimburse the Trust for the cost.

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 CFO who may consult with the Trust's auditors.

12.5. Leasing of Assets

There are basically two types of leasing:

- finance lease; and
- operating lease

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The finance lease is the same as borrowing and cannot be entered into. An operating lease is similar to a rental agreement, usually with a maintenance contract attached. Operating lease agreements can only be entered for certain types of assets (consult Academies Financial Handbook for more details).

Whether to lease or buy is a financial decision and should be referred to the CFO for consideration and approval before any commitment is made.

13. Value Added Tax (VAT)

Individual schools within the Trust are responsible for complying with HMRC regulations. Advice should be sought from the Trust Accountant if there is anything that you are unsure about.

Any penalties imposed will be charged directly to each school in breach of regulations, or failing to comply.

Staff are not allowed to make purchases through the system to avoid payment of VAT.

VAT returns are administered by the Trust Accountant who has responsibility for ensuring full compliance with the regulations.

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