

# Heartlands Community Trust

## Financial Management and Administration Policies

**July 2018**

Approved by:	Board of Directors
Approved on:	July 2018
Review frequency:	Annual
Next review date:	July 2019
Responsibility for review:	Leslie Boodram - Chief Financial Officer

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This policy applies to all Directors, governors and staff within the Heartlands Community Trust. Staff with regular involvement with financial systems and procedures should be familiar with the contents.

This document is approved by the Directors of the Trust and has been written with reference to the Master and Supplementary Funding Agreements between the Trust and the Secretary of State for Education, the Education and Skills Funding Agency's Academies Financial Handbook, Charity Commission and HM Treasury guidance referred to in these documents.

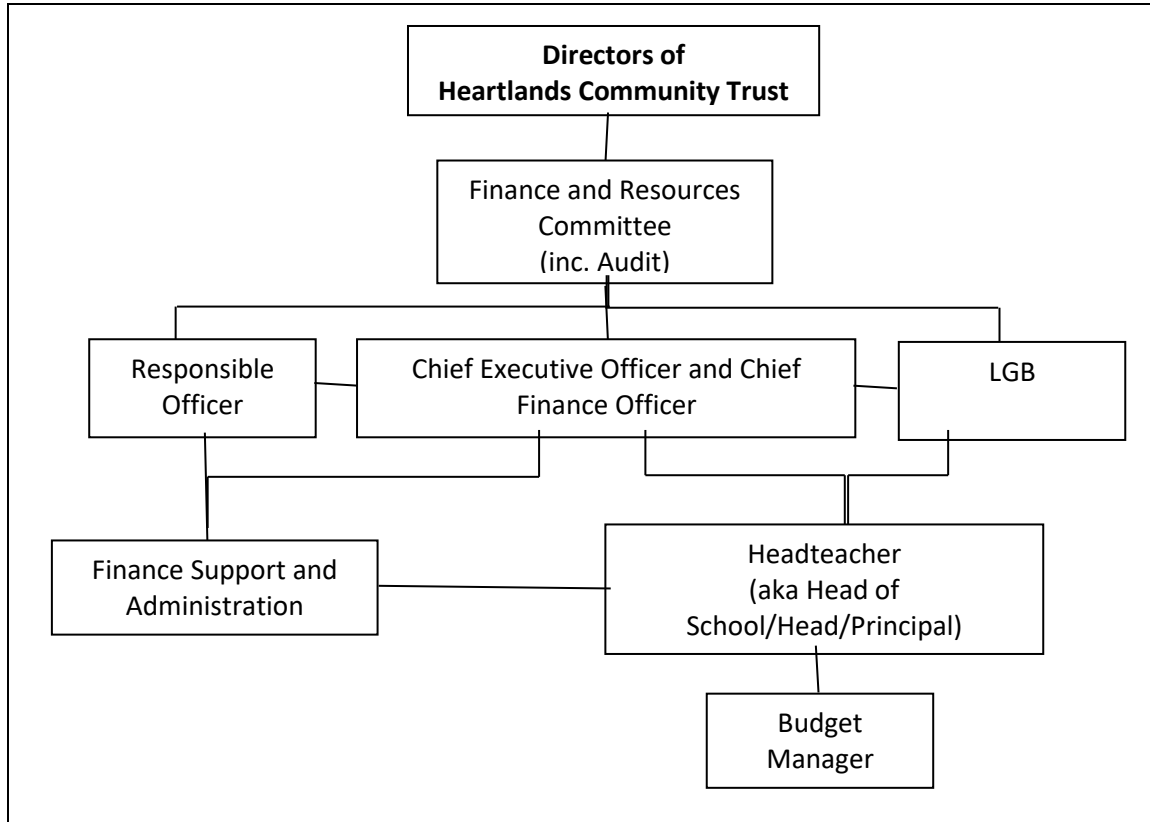
***This document provides the scheme of delegation***, this being the framework of accountability for the discharge of the Trust's responsibilities in respect of probity, budget control and effective and efficient financial management to maximise the Trusts goals and ensure the Trust's use of public and other funding accordance with its defined purposes, meeting fully associated accounting and other requirements.

This document forms a policy framework that may be further facilitated by other more detailed financial system and process notes for directors, governors and school staff.

It is intended that it is reviewed annually and, as necessary, if there are significant changes to regulatory requirements or the composition of the Trust.

## 1 INTRODUCTION

### 1.1 THE TRUST’S FINANCIAL ORGANISATION CHART



### 1.2 COMMITTEE STRUCTURE

1.2.1 The Trust has the following Committee structure:

- ◆ Finance and Resources Committee (inc. Audit)

1.2.2 The frequency of Board of Directors<sup>1</sup>/Committee meetings will be reviewed annually and a timetable produced for approval of Directors in July. The Chief Executive is charged with ensuring the planning of committee timetables and business is informed by the needs for financial planning, budget and in an orderly way based on the school’s strategy and objectives. The Chief Executive is also charged with ensuring that Directors and the Finance and Resources Committee (as appropriate) are informed and able to consider the financial implications of any decision to be made by a committee before it is confirmed or actioned unless it has been previously agreed or budgeted for. Unless otherwise precluded by urgency, the Finance and Resources Committee will advise the Directors on financial decisions.

1.2.3 All reports to the Directors will include a section on the financial implications of any recommendations contained in the report.

1.2.4 The Directors will meet termly or more frequently as required.

<sup>1</sup> For the avoidance of doubt, the term Director will be used throughout this document when referring to Trustees

- 1.2.5 The Chairs of the Committees will receive, for information purposes, copies of the agendas and adequately detailed minutes, including appending relevant submissions, in order to support policy decisions taken from all the Committees.

## 2 ORGANISATION OF FINANCIAL RESPONSIBILITY AND ACCOUNTABILITY

### 2.1 MEMBERSHIP AND MEETINGS

- 2.1.1 The current directors of the Trust, members of its committees and the planned programme of meetings are reported to each meeting of the Directors.

#### 2.1.2 Directors

#### 2.1.3 Finance related Role:

- ◆ To provide a strategic view/framework of how the Trust will effectively use the resources under its control to raise standards of achievement and promote effective teaching and learning.
- ◆ To oversee that procedures are in place which ensure accountability and the proper stewardship of public money delegated to the Trust, ensuring economy, efficiency and effectiveness in its use, and that systems of financial control that conform to the requirements of the Master and Supplementary Funding Agreements, Company and Charity Law.
- ◆ To hold the Chief Executive to account in relation to financial decisions.

#### 2.1.4 Responsibilities:

**Reserved Decisions** whereby the Directors would make the final decision and authority is not delegated to any Committee or individual:-

- ◆ To approve the Trust's annual budget and medium term educational and budget plan (covering 3 - 5 years) indicating the intended use of resources in achieving its educational goals. This also means ensuring that the Trust and school has a written statement of its aims and objectives (School Improvement Plan) and a budget strategy consistent with providing the basis for constructing budget plans.
- ◆ Approval of any revenue funded contracts as set out in the Appendix 1 - Delegation Matrix, or where the Local Governing Body (LGB) considers that there are implications (such as TUPE, termination clauses etc.) that should receive Director's approval.
- ◆ To approve the Trust's annual accounts and annual return as set out in articles 129-131 and to ensure the annual accounts are reported to a general meeting of members of the Trust.
- ◆ To approve the policy of the Trust on financial matters and arrangements for delegation of responsibility.
- ◆ To appoint an Accounting Officer (normally the Chief Executive Officer) in accordance with the Master and Supplementary Funding Agreements and the ESFA Academies Financial Handbook.
- ◆ To appoint auditors for the Trust.
- ◆ Authorising all land/building or other disposals.
- ◆ Writing off debt.

**Oversight** whereby the Directors ensure compliance in discharging responsibilities in the oversight of financial management within the Trust.

- ◆ To monitor and evaluate the effectiveness of the Trust’s financial management procedures and audit and review arrangements to efficient financial management, ensure probity, and that the school’s financial arrangements comply with the Master and Supplementary Funding Agreements and the Academies Financial Handbook and all other legal and funding requirements.
- ◆ To require all directors, governors and members of staff to declare any links they have with firms from which the Trust might wish to buy goods or services. To ensure that a register of such interests is maintained by the Chief Executive on behalf of the Trust and is open to inspection and reviewed on an annual basis.
- ◆ To ensure that the Trust and school has a statement setting out the steps it will take to ensure expenditure reflects the principles of best value.

2.1.5 Nothing in this document relieves the Directors and the Trust:

- ◆ corporately from responsibility for all financial decisions, actions or omissions of the Trust, its committees, individual directors or governors, its employees or agents acting in its name
- ◆ regarding delegation or otherwise, prevents the Directors from taking decisions within the remit the Trust and its articles of association on grounds of urgency or otherwise.

## **2.2 ACCOUNTING OFFICER**

2.2.1 The Trust must designate a named individual as its Accounting Officer. This is the Chief Executive. The Accounting Officer has responsibility for the Trust’s overall management and staffing. The Accounting Officer is personally liable 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. (Refer to Academies Financial Handbook, Section 1.5.22).

## **2.3 COMMITTEES**

2.3.1 All Committees must identify the financial implications of decisions.

2.3.2 All committees must at the earliest opportunity fully report to the Directors on all decisions taken under delegated powers.

## **2.4 FINANCE AND RESOURCES COMMITTEE**

2.4.1 Role:

To oversee

- ◆ the development the Trust’s financial strategy and to consider policies, procedures and/or plans required to realise the strategy
- ◆ the management of the school’s finances in accordance with all requirements of law, the Master and Supplementary Funding Agreements – ensuring the monitoring and review of financial procedures and compliance therein
- ◆ the planning and preparation of the budget strategy, budget and the monitoring of the budget, expenditure and income

- ◆ capital projects initiated via tender

#### 2.4.2 Responsibilities:

The Directors have delegated to the Finance and Resources Committee:

- ◆ drafting and recommending to the Directors the budget strategy (for approval) and ensuring that the budget is consistent with the Trust's objectives and development plans and available resources
- ◆ planning the budget cycle to meet all requirements including submission of the budget forecast to the ESFA, termly monitoring of the budget, expenditure and income and immediate reporting to the Directors of any concerns, risks or overspends
- ◆ reviewing and recommending to the Directors, taking account of any audit recommendations, a scheme of delegation for all decisions with financial implications, policy on financial matters and financial arrangements to comply with the Master and Supplementary Funding Agreements and the Academies Financial Handbook and all other legal and funding requirements.
- ◆ detailed financial and resources decision-making on behalf of the Directors, including the virement of budget, which is not delegated to the Chief Executive or reserved to the Directors, in accordance with the detailed scheme of delegation
- ◆ staffing decisions, which are not delegated to the Chief Executive or reserved to the Directors (or special panels or appeals committees set up in accordance with the Trust's approved personnel procedures), in accordance with the detailed scheme of delegation.
- ◆ approving banking arrangements
- ◆ determining appropriate virements (as set out in the Appendix 1 - Delegation Matrix)
- ◆ approving and reviewing appropriate contracts (as set out in the Appendix 1 - Delegation Matrix)
- ◆ ensuring appropriate insurance arrangements are in place to meet the requirements of the DfE
- ◆ authorise and manage the approach (framework) to investing any Trust surplus funds in accordance with the Trust Investment and Reserves policies
- ◆ authorise all disposals (except land)
- ◆ in conjunction with the CFO, ensure that Company Secretary functions are discharged and that the requirements of Companies House is met
- ◆ recommending liabilities or disposals (land/buildings or other) to Directors

#### 2.4.3 The Committee will receive:

- ◆ an annual report on the school's long term financial plans.
- ◆ reports on the annual school budget process and proposed spending plan.
- ◆ final year-end report including a review of the school's performance and an assessment of progress against objectives in the school improvement/action plan.
- ◆ termly monitoring reports showing departmental/cost centre spending and receipts against approved provisions, including sums committed/invoiced but not yet paid; explanation of major variances; details of corrective action taken; and a forecast of the expected year end position.
- ◆ termly Cash flow reports.

***In the absence of an Audit Committee, the Finance and resources Committee will subsume that role***

**2.5 AUDIT COMMITTEE**

**2.5.1 Role**

- ◆ To consider and advise on the adequacy and effectiveness of the Trust’s financial management arrangements , audit arrangements, framework of governance, risk management and control and processes for the effective and efficient use of resources, the solvency of the Trust and the safeguarding of its assets
- ◆ To consider audits and risk reviews and to make recommendations to enable the Trust to :
  - ensure effectiveness and probity of the its financial arrangements,
  - to fulfil its statutory responsibilities for financial management and requirements as conditions of funding
  - to demonstrate the achievement of key financial administration standards required by Ofsted and the Audit Commission and the ESFA.

**2.5.2 Responsibilities:**

**2.5.3 The Directors have delegated to the Audit Committee**

- ◆ managing arrangements for the Trust to meet requirements for audit and review of the effectiveness and probity of the Trust’s financial arrangements.
- ◆ recommending to the Directors the appointment of internal/external auditors to audit the annual accounts and provide a regularity audit of the Accounting Officer’s statement.
- ◆ reviewing the effectiveness of the risk management, control and governance arrangements within the Trust.
- ◆ the appointment of a Responsible Officer (or other arrangements) to risk review internal financial processes on an ongoing basis.
- ◆ planning audit arrangements to achieve the highest standards of probity and good practice, to meet legal and funding requirements.
- ◆ reviewing the Accounting Officer’s annual statement and any external auditor comments thereon and make any recommendations to the Directors on the regularity audit in accordance with the ESFA Academies Financial Handbook.
- ◆ ensuring that all financial reviews and audits are fully reported to the Directors, that any shortcomings or irregularities are immediately brought to the attention of the directors and that recommendations for improvements are acted upon and reviewed for their effectiveness..
- ◆ considering the outcomes of audits conducted by the ESFA or other agencies and make recommendations to the Directors.
- ◆ oversee the Trust’s policies on fraud and irregularity and whistleblowing, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud, theft and/or irregularity; that investigation outcomes are reported to the Finance and Resources Committee; that the external auditors (and internal auditors where appointed) have been informed, and that appropriate follow-up action has been planned/actioned, and that all suspected cases of fraud, theft and/or irregularity are notified to the ESFA in accordance with the Academies Financial Handbook.



#### 2.5.4 Reporting Arrangements:

#### 2.5.5 The Committee will receive:

- ◆ an annual report reviewing and recommending the arrangements for appointment of auditors and the other arrangements for appointing and supporting the Responsible Officer (or other arrangements) risk review.
- ◆ annual reports from the Responsible Officer (or other arrangements) are made to undertake internal risk review.
- ◆ the Accounting Officer's annual statement and any external auditor comments.
- ◆ reports as appropriate of ESFA or other audits.

***In the absence of an Audit Committee, the above functions will be subsumed by the Finance and Resources Committee***

## 2.6 LOCAL GOVERNING BODY

2.6.1 The Local Governing Body's of schools within the Trust are responsible for the financial performance of *their* school within the Trust, although they may delegate responsibilities to a *local* working group and/or individual staff to ensure that matters can be dealt with in appropriate detail and with sufficient frequency. The establishment of a working group, or delegation of powers, does not absolve the Local Governing Body's of its overall responsibility to manage the finances of their school.

- ◆ The Local Governing Body's are responsible for:
  - set up appropriate internal controls and approve risk management strategy
  - receiving any audit inspection report and associated action plan and making recommendations to the Board of Trustees for resulting or future actions
  - recommend the initial budget each financial year to Directors (via the Finance and Resources Committee) for approval
  - determining appropriate virements (as set out in the Appendix 1 - Delegation Matrix)
  - approving and reviewing appropriate contracts (as set out in the Appendix 1 – Delegation Matrix)
  - approving the Lettings Policy
  - authorising ex-gratia payments, in line with limits set in the Appendix 1 - Delegation Matrix
  - referring matters to the Finance and Resources Committee for consideration as appropriate

## 2.7 THE CHIEF EXECUTIVE

#### 2.7.1 Role:

- ◆ Accounting Officer for the Trust
- ◆ To advise and guide the strategic direction of the Trust, and to maximise and ensure the best use of its resources and to ensure its effective financial administration in accordance with all requirements.
- ◆ Responsible to Parliament for the resources under the Trust's control with a duty, after due consideration, to report any action in breach of the Master Funding Agreement or ESFA handbook to the ESFA Accounting Officer.

### 2.7.2 Responsibility for:

- ◆ Advising the Directors and Committees with a view to ensuring that financial implications of any decision are lawful, comply with grant and funding requirements and have been properly authorised within the scheme of delegation before action is taken
- ◆ Ensuring the planning of committee timetables and business is informed by the needs for financial planning, budget and in an orderly way based on the school's strategy and objectives
- ◆ Ensuring that Directors and Finance and Resources Committee as appropriate are informed and able to consider the financial implications of any decision to be made by a committee before it is confirmed or actioned, unless it has been previously agreed or budgeted for
- ◆ Preparing an annual statement of accounts complying with the requirements of the Master and Supplementary Funding Agreements and the Academies Financial Handbook and ensuring it is submitted following auditing to required timetable
- ◆ Ensuring the drawing up of an annual budget strategy and budget consistent with the Trust's objectives and development plans
- ◆ Controlling expenditure within the agreed budget plan and reporting at the earliest opportunity to the Directors of the Trust on any problems.
- ◆ Ensuring comprehensive arrangements are made for financial administration, financial control and delegation of decision-making, complying with the requirements of the Master and Supplementary Funding Agreements and the Academies Financial Handbook, with grant and other funding requirements and with best practice guidance on probity and best value.
- ◆ Reporting to the Directors of the Trust at the earliest opportunity any financial irregularities or failures
- ◆ Proposing and maintain a scheme of delegation for decisions with financial implications to ensure the efficient and effective operation, delivery of the Trust's objectives and control of expenditure.
- ◆ Ensuring that there are written descriptions of financial systems and procedures that are kept up to date and that all appropriate staff are trained in their use.
- ◆ Ensuring that the Trust obtains satisfactory support services.
- ◆ Ensuring comprehensive arrangements are made for audit and risk assessment complying with the requirements of the Master and Supplementary Funding Agreements and the Academies Financial Handbook and all other legal and funding requirements., with grant and other funding requirements and with best practice guidance on probity and best value.
- ◆ Ensuring comprehensive registers are maintained of the financial interests of directors and staff of the Trust who have responsibility for decisions with financial implications

## 2.8 THE HEADTEACHER (aka HEAD OF SCHOOL/PRINCIPAL)

### 2.8.1 Role:

- ◆ To lead *their* school in achieving its aims and objectives
- ◆ To ensure the best use of its available resources within the framework set by the Trust.

## 2.8.2 Responsibility

- ◆ Contribute to the drawing up and submitting to the Trust for approval an annual budget strategy and budget for the school to the timetable required by the Trust and consistent with the Trust's objectives and development plans
- ◆ Controlling expenditure under the school's control within the agreed budget plan and reporting immediately to the Chief Executive on any problems.
- ◆ Reporting to the Trust immediately on any changes of policy or provision which may significantly increase income and expenditure or require adjustment of budget provisions
- ◆ Monitoring all expenditure under the school's control and reporting on it as required by the Trust
- ◆ Ensuring that comprehensive arrangements are made (in association with the Chief Finance Officer) within the school for financial administration, financial control and delegation of decision-making, complying with the requirements of the Master and Supplementary Funding Agreements and the Academies Financial Handbook, Trust requirements and all other legal and funding requirements., and with best practice guidance on probity and best value.
- ◆ Reporting to the Chief Executive/Chief Finance Officer at the earliest opportunity any financial irregularities or failures
- ◆ Arranging and supervising delegation of decisions with financial implications within the school in accordance with the Trust's scheme of delegation to ensure the efficient and effective operation, delivery of the school's objectives and control of expenditure.
- ◆ Ensuring that best use is made of the Trust's support services.
- ◆ Providing information as required by the Trust to fulfil its legal and funding requirements for reporting on its use of resources, accounts and financial systems.
- ◆ Facilitating as required all audit and financial risk assessment arrangements

## 2.9 CHIEF FINANCE OFFICER

### 2.9.1 Role:

- ◆ The Chief Finance Officer (CFO) works in close collaboration with the Chief Executive/Headteacher(s) through whom he/she is responsible to the Directors.
- ◆ The CFO also has direct access to the Directors via the Board, Committees, Local Governing Bodies and is responsible for guiding those parties on financial, audit and charity accounting matters.

### 2.9.2 Responsibilities:

- ◆ Management of financial issues including the operation of a suitable accounting system
- ◆ Management of the Trust's school's financial position at a strategic and operational level within the framework for financial control determined by the Board, Committees, Local Governing Bodies
- ◆ Establishment of effective systems of internal control
- ◆ Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and manual and computer records of the Trust/school

- ◆ Ensuring the preparation of monthly management accounts within the Trust
- ◆ Authorising contracts and orders contracts (as set out in the Appendix 1 - Delegation Matrix) in conjunction with budget holders
- ◆ Authorising payments as appropriate contracts (as set out in the Appendix 1 - Delegation Matrix)
- ◆ Ensuring forms and returns are sent to the DfE/ESFA in line with the timetable in the DfE guidance
- ◆ Ensuring that there are written descriptions of financial systems and procedures that are kept up to date and that all appropriate staff are trained in their use.

**The CFO will ensure that schools discharge their finance obligations in accordance with this framework. In most instances, this will be performed by the local school finance team via the Finance Manager and Officer except where explicitly stated.**

## **2.10 FINANCE MANAGER**

### 2.10.1 Role:

- ◆ The Finance Manager leads on the *day to day management* of finance and procurement

### 2.10.2 Responsibilities:

- ◆ The management of financial issues including the maintenance (as appropriate) and operation of a suitable accounting system
- ◆ The monitoring of the school financial position on a day to day basis
- ◆ The operation and supervision of effective systems of internal control
- ◆ Supporting the Chief Finance Officer in ensuring that the annual accounts adequately supported by the underlying books and manual and computer records of the school
- ◆ The preparation of monthly management accounts in accordance with the Trust Timetable
- ◆ Authorising contracts and orders within the limits set down in the current Scheme of Delegation in conjunction with budget holders
- ◆ Authorising payment as appropriate
- ◆ Assisting the Chief Finance Officer so that forms and returns are sent to the DfE/ESFA in line with the timetable in the DfE guidance

**The Finance Manager discharges the finance obligations for the Trust as laid out in this framework document. In most instances, this will be performed by the Finance Manager, but some duties may be delegated to the Finance Officer. Separation of duties will be maintained at all times. Note, some functions may not be relevant to some schools within the Trust.**

## **2.11 SCHEMES OF DELEGATION:**

- 2.11.1 The full scheme of delegation for financial management is set out at Appendix 1. Other delegations are listed below:

- ◆ The Directors shall agree the Pay policies, conditions of Service and overall staffing structure for the Trust and its school(s) on the recommendation of the Finance and Resources Committee
- ◆ The Finance and Resources Committee shall agree the job descriptions and pay of the Chief Executive, Headteacher and senior leadership team.
- ◆ The Chief Executive and Headteacher shall have delegated responsibility for job descriptions of other staff under their control and to determine pay and grading within the discretion of the pay policy and the overall staffing structure.
- ◆ Appointments of the Chief Executive/Headteacher will be made by the Directors through a special committee designated for this purpose. The Directors shall also establish a Performance Review panel to undertake performance review of the Chief Executive/Headteacher.
- ◆ The Clerk to the Trust shall be appointed by the Directors.
- ◆ Appointments of staff within the senior leadership team of the Trust or a school shall be made by a panel agreed by the Finance and Resources Committee which shall include the Chief Executive and/or the Headteacher of the school and/or the Chief Finance Officer as required.
- ◆ Other appointments shall be delegated to the Headteacher of the school or Chief Finance Officer, after consulting with the Chief Executive Officer, (or delegated to the Chief Executive for Trust appointments not attached to a school).
- ◆ The Headteacher in consultation with the senior leadership team may nominate members of staff as budget managers for curriculum areas of the budget and may delegate to them their delegated powers to spend funds in these areas as sanctioned by the Headteacher and senior leadership team.
- ◆ The Chief Finance Officer in consultation with the senior leadership team may nominate members of staff as budget managers for non-curriculum areas of the budget and may delegate to them their delegated powers to spend funds in these areas as sanctioned by the Chief Executive.

## **2.12 FINANCIAL SUPPORT RESOURCES**

2.12.1 The Chief Executive is responsible for proposing to the Trust budget plans and staffing plans will ensure coherent internal and external financial administration resources, with clear responsibilities and accountabilities, sufficient to manage the requirements for

- ◆ Financial planning
- ◆ Oversight and monitoring of arrangements of delegation of financial decision-making
- ◆ Managing and maintaining written procedures and training for controlling financial processes
- ◆ Reviewing, researching, advising and developing arrangements to improve efficiency and effectiveness
- ◆ The cost effective processing and recording of financial transactions in accordance with requirements and good practice
- ◆ Processing and meeting all external and internal requirements for reporting.
- ◆ Auditing of the Trust's Accounts and internal arrangements for risk assessment and management

### **3 FINANCIAL SYSTEMS AND PROCESSES**

#### **3.1 GENERAL**

- 3.1.1 The requirements set out in the Master and Supplementary Funding Agreement and the Academies Financial Handbook shall be adopted as part of the Trust's financial systems and processes.

#### **3.2 FINANCIAL PLANNING AND THE BUDGET**

- 3.2.1 The Chief Executive and Chief Finance Officer will prepare a draft financial plan for the Trust in consultation with the Headteacher(s)/senior leadership team during the spring term for discussion and approval by the Finance and Resources Committee. The plan will cover the forthcoming academic year and at least the following two (2) academic years. The plan should demonstrate in financial terms how the Trust intends to use its resources to achieve the aims and objectives stated in the Trust Strategic Plan.
- 3.2.2 The draft financial plan will be an integral part of the budget process and forms the link between the Trust and individual School Improvement Plans and the Trust/School budgets; the medium term financial plan will be reviewed annually.
- 3.2.3 A draft budget will be presented to the Finance and Resources Committee in July. The Chief Executive/Chief Finance Officer will prepare the draft budget costed out using zero based budgeting principles where applicable. The principles and calculations used in preparing the budget should be documented and retained for future use. The budget will reflect the first year of the Trust/School(s) financial plan, subject to the level of resources available to the Trust/School(s). It may be necessary to review the financial plan and the improvement plan objectives to reflect final budget decisions that are made in light of the known resources.
- 3.2.4 The Directors will consider the draft budget and either approve it or return it to the Finance and Resources Committee for amendment. The final budget forecast must be approved each year for submission to the ESFA, in the format required and by the date specified.
- 3.2.5 Spending plans will be broken down sufficiently into appropriate cost categories to promote effective financial control.
- 3.2.6 Each month the Chief Executive/Headteacher(s) will receive financial statements from the Trust's accounting system so that the overall budget and bank account position can be monitored, and this shall be reported to the Finance and Resources Committee (no less than) on a termly basis.
- 3.2.7 The Chief Financial Officer will ensure that financial statements are provided to all members of staff who have been designated as budget managers so that delegated funds are also monitored.
- 3.2.8 In the summer term Directors will undertake a documented review of progress in implementing the provisions of the current improvement plan and review the management of the previous year's budget. The Chief Executive/Chief Finance Officer will indicate where any proposal or policy change would significantly affect costs in the future.

- 3.2.9 Records will be kept showing how budgets have been built up enabling staff responsible for the allocation of expenditure or income to identify from which areas expenditure is to be funded.
- 3.2.10 Expenditure will only be made against available budget resources.
- 3.2.11 The Trust/School(s) will not incur costs in contravention of the provisions of the Master and Supplementary Funding Agreements, Academies Financial Handbook. Financial expenditure will comply with tax and other legal requirements. Any building works or site development expenditure will only be progressed with appropriate planning, building regulation and lease approvals.

### **3.3 BUDGET MONITORING AND CONTROL**

- 3.3.1 The Chief Executive with the Chief Finance Officer will ensure that there are continuous systems and processes for monitoring actual expenditure against the budget. The Chief Executive/ Headteacher(s), in consultation with the Leadership Team, will nominate members of staff and the Leadership Team as budget holders for specific curriculum. The Chief Executive/Chief Finance Officer will nominate members of staff for non-curriculum areas. These will be recorded as part of the accounting records. A note detailing the responsibilities of budget holders, the method used to allocate curriculum budgets and the rules to be applied to the carry forward of any under or overspends will be prepared by the Chief Executive/Headteacher and Leadership Team and circulated to each budget holder.
- 3.3.2 Day to day responsibility for monitoring and control lies with each budget holder who must obtain the prior approval of the Chief Executive/Headteacher(s) or a named member of the Leadership Team if they wish to exceed their budget allocation.
- 3.3.3 The Chief Finance Officer will ensure that there is a financial support structure with posts responsible and accountable for co-ordinating, managing and monitoring the day-to-day operation of financial processes and ensuring reporting requirements can be fulfilled.
- 3.3.4 Monthly reports will be issued to each budget holder, detailing budgeted and committed and actual expenditure for their area of responsibility. The Chief Executive/Headteacher(s) will be provided with monthly reports detailing the overall monitoring position and a summary of spending by cost centre.
- 3.3.5 The Chief Executive/Chief Finance Officer or Responsible Officer will present to the Finance and Resources Committee on a termly basis the Trust actual and committed spending compared with the budget, with written explanations of any significant variances and a forecast of the Trust expected year end position. A report showing the Trust current and forecast cash flow position will also be reported to the Finance and Resources Committee on a termly basis.

### **3.4 INTERNAL CONTROL PROCEDURES**

- 3.4.1 In order to ensure that transactions will be properly processed or that errors detected promptly, strict separation of duties will apply, and as far as possible the duties of staff concerned with financial transactions will be designed so that at least two people are involved in processing receipts and payments. The work of one person will act to check on the work of the other and any such checks will be documented as being

carried out. There should be a written summary of financial procedures that is kept up to date.

- 3.4.2 For the avoidance of doubt, monthly reconciliations will be undertaken by the Finance Manager (or CFO delegate) and authorised by the CFO.
- 3.4.3 Alterations to documents will ideally be made in ink; correcting fluid or erasure will not be used. And signatures on documents must ideally be original and in ink and will be sufficient to identify the signatory concerned (i.e. ticks, rubber stamps or scanned signatures are not acceptable). That said, emails and electronic signatures are permitted provided they are sent by the relevant party.
- 3.4.4 Accounting records will be properly maintained and held securely. Financial documents will be retained for 7<sup>2</sup> years (physically or electronically). The Chief Executive/Chief Finance Officer will specify who is authorised to access the records and documentation.
- 3.4.5 Any return for schools/organisations (financial/regulatory/statutory) within the MAT will be made under the Trust's name unless otherwise stated/agreed.

### **3.5 INSURANCE**

- 3.5.1 The Chief Executive will effect insurance arrangements in accordance with the requirements of the Master and Supplementary Funding Agreement, Academies Financial Handbook and terms of leases held by the Trust.
- 3.5.2 The Finance department will review insurance arrangements annually to ensure they are commensurate with risks. Arrangements will cover the use of Trust property e.g. musical instruments, computers, when off the premises and risks to participants in visits and activities organised by the Trust off site. The Finance and Resources Committee will be informed of the insurance arrangements.
- 3.5.3 The Chief Finance Officer will ensure where lettings of Trust premises are undertaken that the hirer has sufficient public liability cover.

### **3.6 COMPUTER SYSTEMS**

- 3.6.1 The Trust maintains accounting records and information on computerised systems, the Chief Executive/Chief Finance Officer will ensure that the Trust is registered in accordance with the Data Protection Act 2018 and GDPR.
- 3.6.2 The Chief Executive/Chief Finance Officer will ensure that there are effective back-up procedures in place for the financial data held by the Trust. Back-ups of data will be stored in a fireproof location, with a second set held off site. The Chief Executive with the Chief Finance Officer will create and maintain a disaster recovery plan for approval by the Directors
- 3.6.3 The Chief Executive/Chief Finance Officer will also ensure that only authorised staff has access to computer hardware and software used for Trust/School management. Passwords will not be disclosed and will be changed regularly. Only authorised software will be used in order to prevent viruses being imported.

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<sup>2</sup> 6 years electronic (from end of relevant period) + 1 year current



- 3.6.4 Wherever possible access levels will be restricted to re-enforce the principles of internal control set out in Section 3 above.

### **3.7 PURCHASING PROCEDURES**

- 3.7.1 Before placing an order, the person responsible for making it will ensure that the Trust is obtaining best value for money and that the remaining budget is sufficient to meet the proposed order value.
- 3.7.2 The delegations as stipulated in Appendix 1 apply for all procurement.
- 3.7.3 Where the proposed works would fall within the Construction Industry Taxation Scheme (CITS) the Finance Manager or School Business Manager will obtain the appropriate CIS documentation from contractors at the quotation stage; contractors not complying with CITS regulations will be not contacted to do work.
- 3.7.4 All orders for goods and services will be printed on official stationery or produce via the Trust computerised ledger system.
- 3.7.5 Documents supporting purchases/contracts (i.e. specifications, quotes, tenders and correspondence) will be retained with the copy order and scanned to the Trust's computerised ledger system.
- 3.7.6 The Trust may engage in framework contracts with specific suppliers for the provision of services such as provision of agency staff and delivery of facilities services, utilities etc. The engagement of such contracts must follow procurement requirements on the basis of their estimated contract value. In such circumstances, there may not be a specific official order for specific items of expenditure but there must be clear specific arrangements, also understood by the service provider, for authorising expenditure and recording and monitoring services provided that can be checked against invoiced charges.
- 3.7.7 The Trust has a legal obligation under the Data Protection Act 2018 and GDPR to ensure that any new supplier (3rd party) acting in a data processing capacity on behalf of the Trust must be GDPR compliant. To ensure that this obligation is discharged, and during procurement of relevant services, the Trust will ensure that mandatory items are contained within the contracts of 3rd parties (e.g. relevant local policies, confidentiality, breach processes etc). Additionally, Appendix 6, contains a Data Processor Checklist the Trust will use when engaging the 3rd Party who collect and/or process data on behalf of the Trust.
- 3.7.8 Orders will be issued for all goods and services, except for services covered by framework contracts, petty cash purchases and staff expenditure for which a written contract is signed.
- 3.7.9 As well as showing details of the goods or service required, the order will also show the estimated or agreed price, net of VAT.
- 3.7.10 The order will be authorised by the Chief Executive or by persons to whom this function has been delegated by the Chief Executive. All such persons will be budget holders, and all names will be maintained on a list held by the Trust finance staff (see Appendix 3).
- 3.7.11 Orders will be used only for goods and services provided to the Trust. Individuals must not use official orders to obtain goods and services for their private use.

- 3.7.12 The names of staff authorised to sign orders, certify invoices, sign cheques, etc., are recorded in Appendix 3. Only authorised members of staff have access to the Trust's computerised ordering system to certify requisitions, orders and payment of invoices.
- 3.7.13 The person receiving the goods or services must make careful checks, to ensure that they are in accordance with the order and satisfactory for purpose. Payment will only be made against an official invoice. No invoice will be paid unless it has been authorised by a relevant budget Holder (see Appendix 3); before authorising an invoice for payment the signatory must assure themselves that the goods/service has been properly and fully supplied in satisfactory condition according to the order and that any discounts or other cost adjustments or charges are properly applied and recorded.
- 3.7.14 Officers authorising/certifying invoices for payment must be satisfied that those payments comply with the appropriate tax regulations.
- 3.7.15 All invoice payment is made via BACS transfer. Access to cheque books/stock of blank cheques will be strictly controlled. The holding of excessive stocks of cheques will be avoided.
- 3.7.16 Further elaboration is at Appendix 4 and Appendix 5.

### **3.8 HUMAN RESOURCES**

- 3.8.1 The Directors shall agree the Pay policies, conditions of Service and overall staffing structure for the Trust and its school(s) on the recommendation of the Finance and Resources Committee
- 3.8.2 The Finance and Resources Committee shall agree the job descriptions and pay of the Chief Executive, Headteacher(s), Chief Finance Officer and senior leadership team.
- 3.8.3 The Chief Executive, Headteacher and Chief Finance Officer shall have delegated responsibility for job descriptions of other staff under their control and to determine pay and grading within the discretion of the pay policy and the overall staffing structure.
- 3.8.4 Appointments of the Chief Executive/Headteacher will be made by the Directors through a special committee designated for this purpose. The Directors shall also establish a Performance Review panel to undertake performance review of the Chief Executive/Headteacher
- 3.8.5 The Clerk to the Trust shall be appointed by the Directors.
- 3.8.6 Appointments of staff within the senior leadership team of the Trust or a school shall be made by a panel agreed by the Finance and Resources Committee which shall include the Chief Executive and/or the Headteacher(s) of the Trust.
- 3.8.7 Other appointments shall be delegated to the Headteacher(s) of the Trust or Chief Finance Officer, after consulting with the Chief Executive Officer, (or delegated to the Chief Executive for Trust appointments not attached to a particular school).
- 3.8.8 All appointments, terminations and salary levels will be reported to the Finance and Resources Committee
- 3.8.9 Appointments and amendments to payroll will be covered within the scheme of delegation at Appendix 1. Amendments and authorisations to monthly payroll will be in line with delegated authorities as defined in Appendix 1.

- 3.8.10 The Chief Executive/Chief Finance Officer will ensure that all the financial and administrative processes concerning employment in the Trust are checked, and that the Trust records agree with those of the payroll service provider
- 3.8.11 Payroll and personnel records will be retained in a secure place in line with the Data Protection Act 2018 and GDPR regulations.
- 3.8.12 Payroll transactions will be processed through the payroll system; any payments to individuals who have worked for the Trust on a “one off “ or casual basis will always be made through the payroll system. The same applies to additional payments to staff such as honoraria, or travel and subsistence payments. Such payments will never be made from petty cash or the Trust/School’s private funds (as applicable).
- 3.8.13 Any contractor claiming to be self-employed will automatically be paid through the payroll as a temporary employee, unless proof of official tax status is provided.
- 3.8.14 The Trust will ensure appropriate due diligence with agencies with regard to IR35 or any other regulatory requirement.

### **3.9 SECURITY OF STOCK AND OTHER PROPERTY**

- 3.9.1 The Chief Executive/Chief Finance Officer is responsible to the Directors for the safe custody and control of cash and property belonging to the Trust. And all items purchased with a value over the Trust’s capitalisation limit of **£5,000** must be entered in an asset register.
- 3.9.2 An inventory will be maintained of all attractive and portable items, with details of make, model, serial number and purchase value. A documented check of the inventory will be undertaken annually against actual items. Items with a purchase value of over £500 that are missing will be reported to the Finance and Resources Committee who will include it in its reports to the full Directors.
- 3.9.3 Items will be recorded in the inventory promptly (i.e. at the point of purchase). The inventory will have sufficient detail to identify individual assets (i.e. make, model, serial no., location etc). The record will be on sequentially numbered sheets and held in a fireproof location.
- 3.9.4 A register will be maintained of items taken off the Trust premises. All such loans of equipment should be authorised by the Chief Executive/Headteacher (s)/Chief Finance Officer and entered in the register, the register being noted upon return of each item with details of dates and signatures. The return of loan items will be countersigned by a second person.
- 3.9.5 Obsolete items to be written off or items to be sold will be reported to the Finance and Resources Committee for approval and then clearly recorded in the inventory records.
- 3.9.6 Safes and secure cupboards will be kept locked; the keys removed and held securely by the person designated by the Chief Executive/Headteacher(s)/Chief Finance Officer. The loss of any keys will be reported immediately to the Chief Executive/Headteacher(s)/Chief Finance Officer.

### **3.10 INCOME**

- 3.10.1 The Directors through its Finance and Resources Committee and subject to the recommendations of the Chief Executive/Chief Finance Officer will establish a charging policy for the supply of goods and services by the Trust/School.
- 3.10.2 The Chief Executive/ Chief Finance Officer is responsible to the Directors for accounting for all income due and cash collected as set out in the charging policy.
- 3.10.3 The charging policy will be reviewed annually by the Directors to ensure that levels of charges fall in line with Trust policy and at least cover the cost of the service provision.
- 3.10.4 Where invoices are required they will be issued promptly. Where possible the Trust will obtain money in advance of supplying goods or services to improve the Trust cash flow and avoid the time and cost of administering debts.
- 3.10.5 Receipts and banking will be cross-referenced to debtors by the administrative staff.
- 3.10.6 The administrative staff will issue pre-numbered receipts for all income collected except where formal records (e.g. class sales book) are maintained. Where a receipt is not given there will be a signature of discharge whenever cash changes hands. All receipts, vouchers and other income records will be securely retained. Personal cheques will not be cashed.
- 3.10.7 The accounting and debtor records will be properly and promptly updated and all income and VAT due to the Trust identified. Cash collected will be receipted and banked as soon as possible. Cash held on Trust premises will be kept to a minimum and in a lockable receptacle in a locked safe or cabinet.
- 3.10.8 The responsibility for identifying money due to the Trust will, as far as is practicable, is kept separate from the responsibility for collecting and banking the money.
- 3.10.9 Cash income will be kept separate from petty cash and Trust/School private fund money.
- 3.10.10 From September 2018, the Trust will no longer accept cash for items equalling and above £10. All payments over £10 will need to be paid either by debit/credit card or the Trust's online payment system.
- 3.10.11 Staff and governors will not use their personal bank accounts or the Trust/School private fund account for any payment or receipt relating to the Trust budget.

### **3.11 BANKING ARRANGEMENTS**

- 3.11.1 The Chief Executive/Chief Finance Officer is responsible on behalf of the Directors for ensuring that the Trust's banking arrangements comply with the requirements of the Master and Supplementary Funding Agreement and ESFA.
- 3.11.2 Cheques will not be signed unless all details are fully completed.
- 3.11.3 A signed bank reconciliation will be completed and presented to the Chief Finance Officer on a monthly basis by the Finance Manager (or delegate as approved by the Chief Finance Officer) to prove that balances are correct and to provide assurance that the underlying accounts of the Trust have been properly compiled and are accurate.
- 3.11.4 The Chief Finance Officer will certify the monthly bank reconciliations having checked these to the supporting documentation. Bank statements and finance system bank

reconciliation reports will be initialled by the Chief Finance Officer to demonstrate such checks have been undertaken.

- 3.11.5 Where practicable, staff responsible for undertaking bank reconciliations will not be responsible for the processing of payments or receipts.
- 3.11.6 The Directors will review its banking arrangements annually and document as such to ensure they provide the best value for money. They will also review the authorised signatories annually.
- 3.11.7 The Trust cash flow will be monitored regularly to ensure that the Trust bank accounts do not go overdrawn; the cash flow information will also be used to identify funds surplus to immediate requirements that can be invested to optimal effect.
- 3.11.8 Any new school/organisation joining the Trust will bank under a Trust bank account.

### **3.12 CASH/PARENTPAY**

- 3.12.1 All cash held on site will be held in a safe or other approved secured location unless directly supervised. No sum of more than £100 will be held overnight except in an approved safe. The Chief Executive/Chief Finance Officer will ensure that the cash is banked regularly and the sums under the Trust's control held on site from all sources are covered by insurance and for security reasons do not exceed £5,000.
- 3.12.2 No cash belonging to the Trust shall be removed from the site except in exceptional circumstances approved by the Chief Executive/Chief Finance Officer/Headteacher in writing.
- 3.12.3 Details of the Trust's online payment system is given at Appendix 4.
- 3.12.4 From September 2018 cash amounts equal to and over £10 will not be taken in cash and must be settled either using credit/debit card or the Trust's online payment system.

### **3.13 PETTY CASH PROCEDURES**

- 3.13.1 The Trust maintains a petty cash balance as per the threshold at Appendix 1 – Delegation Matrix. The cash is administered by the Finance Officer and is kept in the Chief Finance Officer's safe.

#### **Deposits**

- 3.13.2 The deposits to petty cash are from either cheques cashed specifically for that purpose or transfer of cash income funds from another source such as Uniform. All transfers will be recorded and itemised on the Trust's online Ledger system monthly by the Finance Officer.
- 3.13.3 The receipt will be recorded in the petty cash system with the date, amount and the cheque number/budget relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

#### **Payments and Withdrawals**

- 3.13.4 In the interests of security, petty cash payments should be limited to the threshold stipulated in the Appendix 1 - Delegation Matrix. Petty cash request to buy items

above the threshold specified in the Appendix 1 - Delegation Matrix it will need the budget holder pre-authorisation.

- 3.13.5 Higher value payments should *ideally* be made by BACS from the main bank account.
- 3.13.6 All petty cash claims should be made in advance. A claim form must be completed by the claimant and authorised by the budget holder. No monies will be paid without authorisation.
- 3.13.7 A separate petty cash tin will be held and reconciled for each school of the Trust.
- 3.13.8 Further elaboration is shown at Appendix 4.

#### **Administration**

- 3.13.9 The Finance Officer is responsible for entering all transactions into the petty cash and staff expense records on a regular basis. Regular cash counts are undertaken by the Finance Officer to ensure that the cash balance reconciles to supporting documentation. Any unbalances amounts will be notified to the Chief Finance Officer and Finance Manager.
- 3.13.10 A monthly reconciliation is undertaken by the Finance Manager (or delegate as approved by the Chief Finance Officer) and included with the end of the month reports signed by the Chief Finance Officer.
- 3.13.11 A spot-check/ reconciliation will take place at least two (2) times each year

#### **Physical Security**

- 3.13.12 All petty cash is held in a locking cash box which is put in the safe overnight.

### **3.14 STAFF EXPENSES**

- 3.14.1 The Trust controls staff expenses as outlined in Appendix 1 – Delegation Matrix. Staff Expenses are paid back through the HR department via payroll to ensure P11d regulations are adhered to and controlled. The CFO has discretion to pay expenses via direct disbursements, which may occur from time to time. Where this is exercised, clear reasons must be documented.
- 3.14.2 Staff expenses will not be paid back in cash.
- 3.14.3 Staff expenses are identified as items that had to be purchased in support of the school's curriculum with one's own personal money.
- 3.14.4 All Staff Expense claims should be made on a timely basis i.e. within a month of the expense being made.
- 3.14.5 A claim form must be completed and returned to the HR Department by the claimant and authorised by the budget holder. No monies will be paid out without a corresponding receipt. Monies will be paid back at the end of the month with the employees pay. This is in line with the HMRC's requirements for P11d reporting.
- 3.14.6 The Finance Officer will maintain a monthly spreadsheet. To ensure complete segregation of duties, the Finance Manager will journal the amounts within the end of month procedures based on the spreadsheet.

### **3.15 DEBIT/CREDIT CARD PROCEDURES**

3.15.1 From time to time the school may be required to purchase goods or arrange services for the school from companies that do not invoice but only accept a direct payment. In order to make use of these Best Value offers the school holds a debit / credit card.

3.15.2 The primary method of payment remains invoicing and this shall generally be used in preference to card purchase where such is offered by supplier.

- The Trust card will remain on the school site and be stored in the school safe when not in use.
- There will not be a pin number, and as such the card cannot be used outside of the school grounds.
- Should the card be lost or stolen the loss shall be reported to the Finance Manager immediately who will then contact NatWest bank, police and the Chief Executive/Chief Finance Officer.
- The credit card has a spending limit of £20,000. Controlled by the bank. Any increase in this limit must be authorised by the Chief Executive and another signatory.
- The credit card balance shall be settled in full automatically each month by direct debit thereby avoiding charge card interest charges.
- All receipts shall be authorised by the budget holder and the Chief Finance Officer.
- The credit card shall not be used for personal expenditure under any circumstances.
- Cash withdrawals are not permitted on the credit card.
- Cardholders shall be made aware of the action to take in the event of a card being stolen, lost or missing.
- Separation of duties is fulfilled by the following:
  1. Head of Department/Budget Holder authorises the purchase order and the use of the card.
  2. The Trust Finance Officer makes purchase either by telephone or online.
  3. Trust Finance Manager records expenditure and reconcile direct debit payments on finance system once a month.
  4. The Chief Finance Officer checks and sign off the reconciliation each month.
  5. Ensure back up documentation is retained for all credit card expenses.
  6. Ensure expenses are bona fide Trust expenses.

### **3.16 LIABILITIES AND WRITE OFFS AND DISPOSAL OF ASSETS**

3.16.1 All writing off of debts and losses must comply with the requirements of the Academies Financial Handbook

3.16.2 The thresholds for write offs are shown at Appendix 1 – Delegations Matrix

### **3.17 SEVERANCE PAYMENTS**

3.17.1 All severance payments must comply with the requirements set out in the Academies Financial Handbook.

3.17.2 The Finance and Resources Committee shall agree the arrangements for agreeing any individual severance payment.

**Delegation Matrix****Appendix 1****Academies with 250 pupils or fewer (not including special schools)**

Delegated Duty	Value	Delegated Authority	Other
Requisitions for orders or invoice approval	Up to £2,000	Budget Holder/SLT	
	Up to £5,000	Finance Manager/SLT	
	Up to £14,999	Head of School	
	≥ £15,000 and ≤ £29,999	LGB	
	≥ £30,000 and ≤ £74,999	CEO/CFO	
	≥ £75,000 and ≤ £99,999	Finance & Resources Committee	
	Over £100,000	Directors	
Quotations and tendering	Up to £2,000	Minimum of one quote	Directors can approve waivers requiring the specified number of quotations /tenders for contracts of any value
	£2,000 to £9,999	Minimum of two written quotes	
	£10,000 to £24,999	Three written quotes	
	≥ £25,000	Formal tendering process	
	Over OJEU limit	OJEU advertising required and full Director approval	
Budget Virement	Up to £24,999	Head of School	
	≥ £25,000 and ≤ £49,999	LGB	
	≥ £50,000 and ≤ £74,999	CEO/CFO	
	≥ £75,000 and ≤ £99,999	Finance & Resources Committee	
	Over £100,000	Directors	
Special payments - ex gratia, staff severance and compensation payments	Up to £50,000	CEO/CFO (ESFA approval also required if ex gratia)	
	Over £50,000	CEO/CFO <b>and</b> ESFA	
Disposal of assets approval	Any value	Directors	
Disposal of Land or Buildings	Any value	ESFA	
Write off of bad debts approval	Up to £1,000 limit	CEO	
	Over £1,000	Directors (ESFA prior approval also required if over £45k)	
Petty Cash Imprest Level	Up to £500 limit	CFO	
Petty Cash	£50 limit		
Journal Sign Off	£5,000 and over	Finance Manager or CFO if journal posted by the Finance Manager	
Staffing establishments	Authorise new starters	Head of School/CFO/CEO	
	Approve establishment of new temporary staff posts	Head of School/CFO/CEO	



<b>Monthly payroll authorisation</b>	n/a	HR Manager/CFO/CEO	
<b>Monthly payroll amendments authorisation</b>	n/a	HR Officer HR Manager (but cannot authorise payroll run for that month)	
<b>Expenses</b>	CEO	Chair of Directors	
	CFO/Head of School	CEO	
	SLT	Head of School	
	Staff not included above	Line Manager/CFO (under exceptional circumstances)	

### Academies between 250 pupils and 1,000 pupils (including all special schools regardless of pupil numbers)

Delegated Duty	Value	Delegated Authority	Other
<b>Requisitions for orders or invoice approval</b>	Up to £2,000	Budget Holder/SLT	
	Up to £5,000	Finance Manager/SLT	
	Up to £24,999	Head of School	
	≥ £25,000 and ≤ £49,999	LGB	
	≥ £50,000 and ≤ £74,999	CEO/CFO	
	≥ £75,000 and ≤ £99,999	Finance & Resources Committee	
	Over £100,000	Directors	
<b>Quotations and tendering</b>	Up to £2,000	Minimum of one quote	Directors can approve waivers requiring the specified number of quotations /tenders for contracts of any value
	£2,000 to £9,999	Minimum of two written quotes	
	£10,000 to £24,999	Three written quotes	
	≥ £25,000	Formal tendering process	
	Over OJEU limit	OJEU advertising required and full Director approval	
<b>Budget Virement</b>	Up to £24,999	Head of School	
	≥ £25,000 and ≤ £49,999	LGB	
	≥ £50,000 and ≤ £74,999	CEO/CFO	
	≥ £75,000 and ≤ £99,999	Finance & Resources Committee	
	Over £100,000	Directors	
<b>Special payments - ex gratia, staff severance and compensation payments</b>	Up to £50,000	CEO/CFO (ESFA approval also required if ex gratia)	
	Over £50,000	CEO/CFO <b>and</b> ESFA	
<b>Disposal of assets approval</b>	Any value	Directors	
<b>Disposal of Land or Buildings</b>	Any value	ESFA	
<b>Write off of bad debts approval</b>	Up to £1,000 limit	CEO	
	Over £1,000	Directors (ESFA prior approval also required if over £45k)	

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<b>Petty Cash Imprest Level</b>	Up to £500 limit	CFO	
<b>Petty Cash</b>	£50 limit		
<b>Journal Sign Off</b>			
	£5,000 and over	Finance Manager or CFO if journal posted by the Finance Manager	
<b>Staffing establishments</b>			
	Authorise new starters	Head of School/CFO/CEO	
	Approve establishment of new temporary staff posts	Head of School/CFO/CEO	
<b>Monthly payroll authorisation</b>	n/a	HR Manager/CFO/CEO	
<b>Monthly payroll amendments authorisation</b>	n/a	HR Officer HR Manager (but cannot authorise payroll run for that month)	
<b>Expenses</b>			
	CEO	Chair of Directors	
	CFO/Head of School	CEO	
	SLT	Head of School	
	Staff not included above	Line Manager/CFO (under exceptional circumstances)	

**Academies over and 1,000 pupils (including all special schools regardless of pupil numbers)**

Delegated Duty	Value	Delegated Authority	Other
<b>Requisitions for orders or invoice approval</b>	Up to £2,000	Budget Holder/SLT	
	Up to £5,000	Finance Manager/SLT	
	Up to £24,999	Head of School	
	≥ £25,000 and ≤ £49,999	LGB	
	≥ £50,000 and ≤ £74,999	CEO/CFO	
	≥ £75,000 and ≤ £99,999	Finance & Resources Committee	
	Over £100,000	Directors	
<b>Quotations and tendering</b>	Up to £2,000	Minimum of one quote	Directors can approve waivers requiring the specified number of quotations /tenders for contracts of any value
	£2,000 to £9,999	Minimum of two written quotes	
	£10,000 to £24,999	Three written quotes	
	≥ £25,000	Formal tendering process	
	Over OJEU limit	OJEU advertising required and full Director approval	
<b>Budget Virement</b>	Up to £24,999	Head of School	
	≥ £25,000 and ≤ £49,999	LGB	
	≥ £50,000 and ≤ £74,999	CEO/CFO	
	≥ £75,000 and ≤ £99,999	Finance & Resources Committee	
	Over £100,000	Directors	
<b>Special payments - ex gratia, staff severance and compensation payments</b>	Up to £50,000	CEO/CFO (ESFA approval also required if ex gratia)	
	Over £50,000	CEO/CFO <b>and</b> ESFA	

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<b>Disposal of assets approval</b>	Any value	Directors	
<b>Disposal of Land or Buildings</b>	Any value	ESFA	
<b>Write off of bad debts approval</b>	Up to £1,000 limit	CEO	
	Over £1,000	Directors (ESFA prior approval also required if over £45k)	
<b>Petty Cash Imprest Level</b>	Up to £500 limit	CFO	
<b>Petty Cash</b>	£50 limit		
<b>Journal Sign Off</b>	£5,000 and over	Finance Manager or CFO if journal posted by the Finance Manager	
<b>Staffing establishments</b>	Authorise new starters	Head of School/CFO/CEO	
	Approve establishment of new temporary staff posts	Head of School/CFO/CEO	
<b>Monthly payroll authorisation</b>	n/a	HR Manager/CFO/CEO	
<b>Monthly payroll amendments authorisation</b>	n/a	HR Officer HR Manager (but cannot authorise payroll run for that month)	
<b>Expenses</b>	CEO	Chair of Directors	
	CFO/Head of School	CEO	
	SLT	Head of School	
	Staff not included above	Line Manager/CFO (under exceptional circumstances)	

**Appendix 2**

**Cost Centre Managers/Budget Holders**

<b>Nominals (prefix HCT, HHS or GRO)</b>	<b>NAME</b>	<b>Budget Holder</b>
2000 - 2735 codes	Staffing	Chief Executive/Headteacher(s)/Chief Finance Officer
6021	Indirect Employee Expenses	Chief Executive/ Headteacher(s)/Chief Finance Officer
6000 and 6001	Development and Training	Assistant Head Training and Development
3260	Staff related insurance	Chief Executive/Chief Finance Officer
3000 and 3005	Building Maintenance and Improvement	Business Manager
3010	Grounds Maintenance	Business Manager
3100, 3105, 3107 and 3110	Cleaning and Caretaking supplies	Business Manager
3200	Water and Sewerage	Business Manager
3205 and 3210	Energy	Business Manager
3250	Rates	Business Manager
3300 - 3345	Other Occupation costs	Facilities Manager

4000 – 4140 and 4170	Learning Resources	Relevant Faculty Head/Head of House/Deputy Head for Responsibility Area
4155	ICT Learning Resources	Assistant Head ICT
4145 and 4150	Examination Fees	Assistant Head Data and Assessment
5125 and 5130	Admin Supplies	Chief Finance Officer
3260	Other Insurance Premiums	Chief Finance Officer
E24	Special Facilities	Deputy Head Community Education
5000, 5005, 5010 and 5015	Catering Supplies	Business Manager
2800 - 2815	Agency Supply Staff	Chief Finance Officer
4135, 4136	Bought in Professional Services - curriculum	Chief Executive/Headteacher
5140	Bought in professional services - other	Chief Finance Officer
7900	Direct revenue financing (revenue contributions to capital)	Chief Finance Officer
E31	Community Focussed -Staff	Deputy Head Community
E32	Community Focussed -other costs	Deputy Head Community
I codes all	All income	CFO/Business manager
All codes – urgent authorisations	In case of urgency, subject to assuring that there are sufficient resources for annual commitments and that budget holder is informed expeditiously	Chief Finance Officer or Headteacher or deputy – any amount

**Names and Signatures of staff authorised to sign orders:**

Simon Garrill: Chief Executive Officer

Elen Roberts: Head of School Heartland High School

Lucia Santi: Head of School The Grove

Leslie Boodram: Chief Finance Officer

*Budget Holders:*

*Jasling Sanghah: English*

*Claudia Ingall: Humanities- inclusive of History, Sociology and Geography*

*Andrew Matthews: Maths*

*Maureen DeLonghi: Modern Foreign Languages*

*Patrick McArdle: Business Studies*

*Oliver James: ICT*

*Nathalie Clarke: Design and Technology*

*Nathalie Clarke: Food and Textiles*

*Elizabeth Goulding: Science*

*Andrew Lloyd: Library; English as a second Language ; Literacy, Spelling*

*TBC: Art*

*Rosie Shakespear: Art including Music, Art, Drama and Photography*

*Andrew Whent: Physical Education, Sports Pitch Hire*

*Jessica Smith: Drama*

Jon Nagle: Ethos, Attendance, Student Services, Alternative Provision

Mari Williams: Standards and Achievement

Amy Hannah: Exams; PiXL and Challenge Partners, Intervention Academic, PSHE, Gifted and Talented

Donny Malaren: Duke of Edinburgh, Photography and Art

Andrew Greenwood: SEARCH Days, Supply teachers

Tyla Arabas: Educational Visits, Marketing and Communication, Staff Training

Huge Levis: Behaviour, Rewards

Jude Pow: HR

Anthony Latchana: Site (including: Grounds maintenance; Cleaning contract), Other occupation costs, Minibus, Health and Safety – including First Aid

Christian Hoehn and Leslie Boodram: IT

Michelle Robinson and Anthony Latchana: Catering

**Names and signatures of staff authorised to certify invoices:**

Chief Executive Officer: Simon Garrill

Chief Finance Officer: Leslie Boodram

Business Manager: Anthony Latchana

Finance Manager: Michelle Moss

**Names and signatures of staff authorised to sign cheques:**

Simon Garrill

Elen Roberts

Jonathan Nagle

Leslie Boodram

## **Trust Financial Procedures Manual**

### **Introduction**

This document outlines the procedures which should be followed when ordering and paying for goods. Petty cash and cheque request procedures are also detailed.

These procedures must be adhered to in order to comply with the Trust Finance Policy.

### **Forms**

There are currently six forms being used at Heartlands High School:

1. Assisted Travel Loan Form
2. Expenses Claim Form (anything paid out of own pocket)
3. Order form Credit Card Purchases only
4. Petty Cash Claim Form (up to £50 in cash only)
5. [Request for Foreign Currency for School Trips](#)
6. Special Events Cash Float Request

All forms are available on the Staff Shared Drive under shared folders / Forms / Finance Forms.

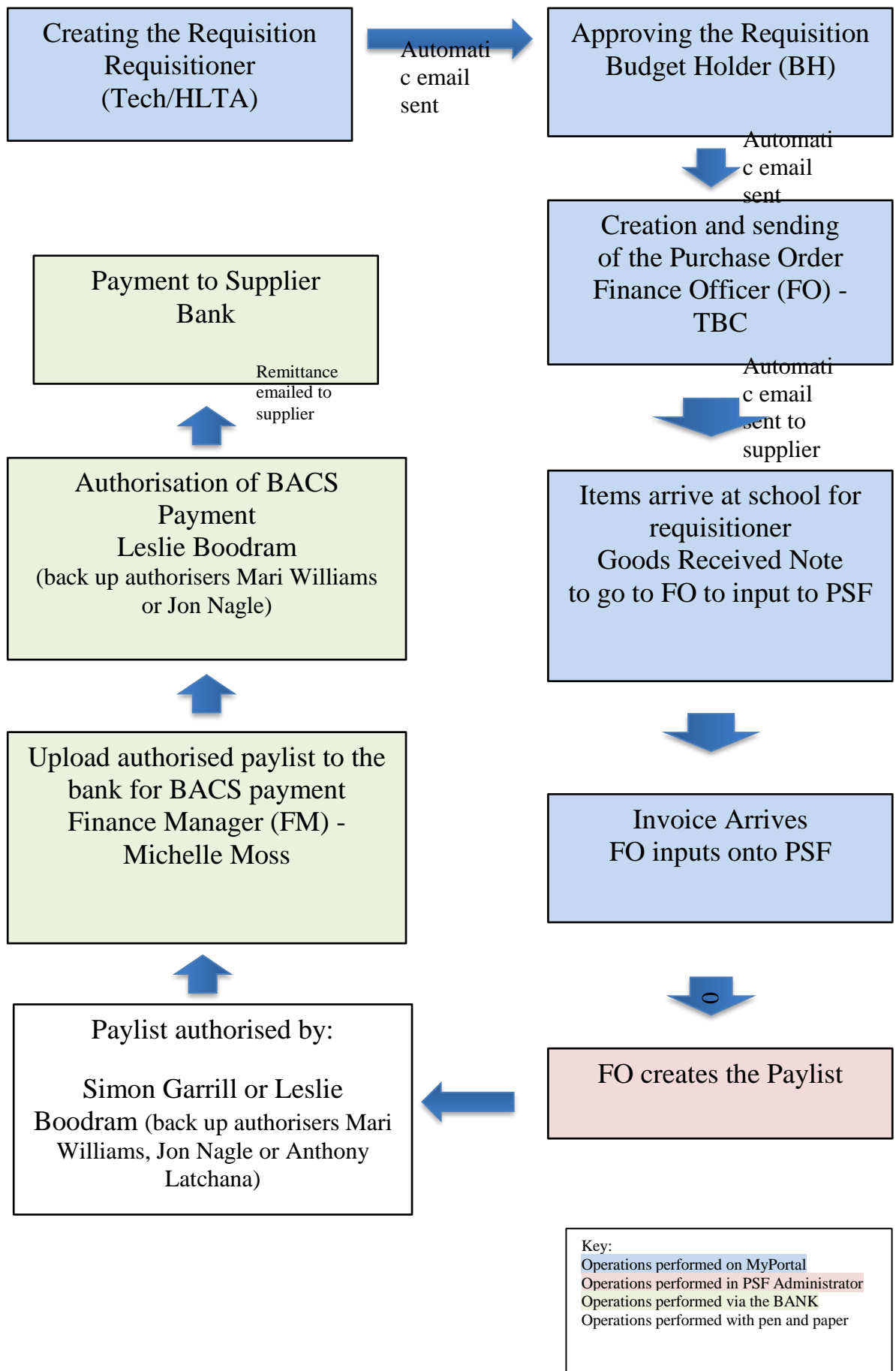
### **Procedure for Ordering Goods – requisition stage**

1. All orders are to be placed through the schools online Finance Ledger Package PS Financials. Identified members of staff will be given a password protected account and trained on the system prior to use.
2. Upon posting the requisition document, an automatic email is sent to the budget holder for approval.
3. Once approved the Finance Officer converts the requisition to a Purchase Order which will be emailed to the supplier via PS Financials.
4. Upon the goods arriving the Finance Team will be informed either with the GRN/delivery note or confirmation email that the invoice is ok to be paid.

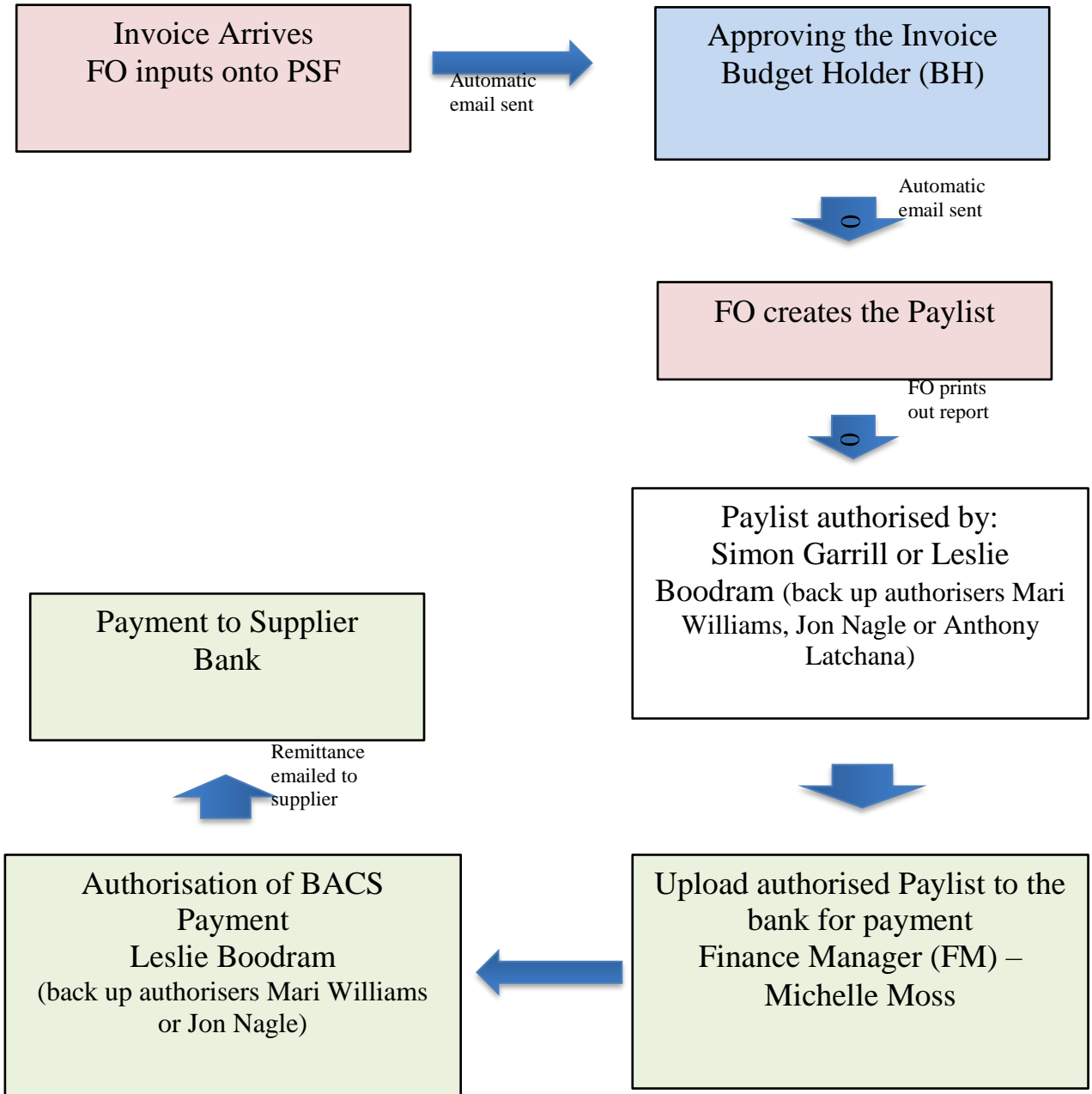
### **Procedure for Ordering Goods via the Trust Credit Card**

1. Open the Order Form for Credit Card Purchases from the shared drive.
2. Fill in all of the relevant details and print the form.
3. Have the budget holder authorise the purchase and bring the form to the Finance Department.
4. Email any links for required purchases to the Finance department email.
5. Inform Finance department of receipt of items.

## The Finance Cycle – for a Purchase Order Invoice (POIN)



## The Finance Cycle – for a Non Purchase Order Invoice (NPOI)



Key:  
Operations performed on MyPortal  
Operations performed in PSF Administrator  
Operations performed via the BANK  
Operations performed with pen and paper



### **Petty Cash**

Staff authorised to hold petty cash are responsible for:

- Obtaining proper vouchers and receipts for all cash payments made.
- Obtaining receipts that identify any VAT paid to support the reclaiming of VAT.
- Ensuring the safe custody of the cash.
- Producing on demand to the CEO/CFO/Headteacher, auditor or other authorised person, cash and vouchers/receipts equal to the total amount held.

All petty cash must be authorised prior to purchase and no claimant may authorise their own claim. By authorising transactions, the authoriser is confirming that the costs have been incurred for the purposes of Trust business, that there is sufficient budget to cover the expense and that supporting documentation, such as a receipt, is presented.

Petty cash will only be given if the form is correctly filled in. Staff are made aware that all change and supporting documents, including receipts, must be presented to the Finance Department within 24 hours of receipt of the Petty Cash equalling the amount originally required. Petty cash will not be given for expenses already paid out of pocket and a Staff Expense Claim form will be required for repayment. Staff can only receive up to £50 in advance. There is one claim form for petty cash.

### **Procedure**

- (a) Go to the SharedStaffY:Drive/Shared Folders/FORMS/FINANCEFORMS/Petty Cash Claim Form (up to £50)
- (b) Complete the form fully, obtaining the necessary authorisation signatures and budget allocation
- (c) Submit completed claim form to the Finance Department  
Return the form with the corresponding receipts and any change to the finance Department within 24 hours.

### **Staff Expenses**

Staff expenses are identified as items that had to be purchased in support of the school's curriculum with one's own personal money. All completed authorised forms are to be submitted to the HR department for payment as a part of the HMRC P11d regulations.

Staff authorised to reimburse expenses must ensure the requestor:

- Obtains proper vouchers and receipts for all personal cash/credit payments made.
- Obtaining receipts that identify any VAT paid to support the reclaiming of VAT.
- Ensure the budget holder has authorised the claim form and agreed to the expenditure.
- Producing on demand to the CEO/CFO/Headteacher, auditor or other authorised person, vouchers and/or receipts equal to the total amount requested.

### **Procedure**

- (a) Go to the SharedStaffY:Drive/Shared Folders/FORMS/FINANCEFORMS/Expenses Claim Form (anything paid out of own pocket)
- (b) Complete the form fully, obtaining the necessary authorisation signatures and budget allocation
- (c) Submit completed claim form to the HR Department for payment via payroll. Refer to the HR department's dates with regards to deadlines.

If your expense claim is for travel more information can be found at HHS Travel and expenses Policy. <T:\Finance\TRAVEL AND EXPENSES POLICY.pdf>

### **Gift Voucher and Reward Requests**

Gift vouchers and other rewards may be used in recognition of effort, or student's achievement.

Reward requests must have the pupil's name and reason as to why they are receiving the prize.

All orders must have the correct authorising signatures and budget allocation offset against them at the time of ordering. The Credit Card ordering form is to be used for the purchases of these vouchers. Further information regarding gifts and rewards can be found in the Trust's Gift's and Hospitality Policy.

### **Ordering Goods from the Internet**

In general, goods should not be ordered from the internet; however, this is sometimes unavoidable.

If you do need to order goods in this way, obtain your line manager's written authorisation before ordering. Then follow the procedure for purchases made by credit card.

Whilst we understand that sometimes purchasing items in support of the curriculum through the use of personal credit cards is unavoidable, staff are strongly encouraged NOT to do so.

Should you need to do this, please speak to the Finance/HR department and fill in the appropriate form and refer to the Staff Expenses section.

### **Cash**

From time to time it may be necessary for cash to be collected from students and staff. Any cash collected by staff must be handed in to the School Office and not held in staff bases. The Trust has introduced a credit/debit card receiving system to take payments as well as providing an online platform for payment. As from September 2018, the Trust will no longer accept cash payments over the amount of £10 and all payments must be via either of the two systems.

Payment by personal cheque will not be accepted.

The Finance department will lodge any cash or cheques to the bank account.

### **ParentPay**

In an attempt to remove all cash and cheques from school we are asking all parents and staff to only use our e-payment system to pay for dinner money, trips and all other school activities. This can be done online using a secure website called ParentPay or through local stores where you see the PayPoint logo.

You have a secure online account, activated using a unique set of activation codes. You will be prompted to change these and create your own secure Username and Password for future logins.

Members of staff in charge of school trips or any other school activity, that requires payment, need to send the finance department in advance the details i.e. list of pupils, price, name, date of service and payment deadline in order to set up the payment on the system. We need to allow parents enough time to pay for trips, if payment is not received prior to event, the pupil may not be able to attend and/or the trip may be cancelled.

**The Trust will NOT accept cash or cheques for payment of their items.**

### **Credit and Debit Cards**

The Trust has introduced a credit/debit card receiving system to take payments as well as providing an online platform for payment. As from September 2018, the Trust will no longer accept cash payments over the amount of £10 and all payments must be via either of the two systems.

Process

1. The Parent or child will come to Reception to pay for the item.
2. The school will take payment via the iZettle credit/debit card reader, in which the member of staff will enter the total amount being paid and a brief description of the payment; Uniform, Dinner Money, Trip name etc.
3. The parent will be asked to check the amount on the card reader and make a secure payment.
4. The member of staff will email through the iZettle system, a receipt to the parent as well as write a written one for school reference.
5. The Finance Team will reconcile the receipt of payment monthly from the bank statement along with the downloaded report from the iZettle website.

**EXAMPLE**



**Petty Cash Request Form (max. £50)**

Item/Reason for Purchase \_\_\_\_\_

Amount Requested £ \_\_\_\_\_

Name \_\_\_\_\_

Department \_\_\_\_\_

Signed by requestee \_\_\_\_\_ Date \_\_\_\_\_

Budget/Cost Centre to be Debited \_\_\_\_\_

Name of Finance Officer (given out by) \_\_\_\_\_

Authorised by (Budget Holder) \_\_\_\_\_ Date \_\_\_\_\_

-----

Name of Items	Amount
1.	
2.	
3.	
4.	
5.	
6.	
7.	
<b>Total amount spent</b>	
<b>Change</b>	
<b>Grand Total</b>	

Signed (by person originally borrowing funds) \_\_\_\_\_

(Finance Officer) \_\_\_\_\_ Date \_\_\_\_\_

**\*\*All forms, receipts and change MUST be returned within 24 hours \*\***

**Thank you**

**EXAMPLE**



**Staff Expenses Request Claim Form (Cash/BACS)**

**Please use this form if the items have already been purchased and you are claiming back money of any kind. The amount will be paid into your account by BACS transfer within 2 weeks of the form being received by the Finance Team.**

Item/Reason for Purchase \_\_\_\_\_  
\_\_\_\_\_

Amount Claimed £ \_\_\_\_\_

Name \_\_\_\_\_

Department \_\_\_\_\_

Signed \_\_\_\_\_ Date \_\_\_\_\_

Budget to be Debited \_\_\_\_\_ Date \_\_\_\_\_

Authorised by (Budget Holder) \_\_\_\_\_  
-----

Total Amount Claimed \_\_\_\_\_

Signed \_\_\_\_\_

Finance Officer \_\_\_\_\_

Signed \_\_\_\_\_

Date \_\_\_\_\_

**\*\*NO MONIES WILL BE PAID WITHOUT A RECEIPT ATTACHED\*\***

### 3.18 TENDER

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

#### 3.18.1 Open Tender

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CFO how best to advertise for suppliers (e.g. general press or 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

#### 3.18.2 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

#### 3.18.3 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 tenders or unacceptable tenders
- only one or very few suppliers are available
- extreme urgency exists
- additional deliveries by the existing supplier are justified.

#### 3.18.4 Preparation for Tender

Full consideration should be given to:

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

#### 3.18.5 Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry

An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response

### 3.18.6 Considerations when drafting tender documents / processes

#### **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
- 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.

### 3.18.7 Tender Acceptance Procedures

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

### 3.18.8 Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders, who should not be part of the evaluation process.



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

### 3.18.9 Tendering evaluation

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

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

Full records should be kept of all criteria used for evaluation and the evaluation summary for each tender

Where required by the conditions attached to a specific grant from the DfE, the Department's approval must be obtained before the acceptance of a tender. The accepted tender should be the one that scores most highly against the evaluation criteria that were outlined in the tender documentation. All parties should then be informed of the decision. Feedback should always be offered to unsuccessful tenderers

Where the Data Protection Officer and the CFO are one of the same person, due regard must be given to legislative and regulatory requirements (the former taking precedent). Accordingly, where procurement/tender decisions arise surrounding personal data systems, this person must not be part of the *final* decision.

### 3.19 EU PROCUREMENT RULES

The European Union (EU) imposes rules to open up public purchasing by making member states remove restrictive practices. Government departments and other public bodies are subject to these rules. They are relatively complex but in general terms include a requirement to follow a prescribed tendering procedure, to operate to a minimum timescale and a **requirement to advertise contracts in the Official Journal of the European Union (OJEU)** if they exceed certain financial thresholds. Where the Trust or its academies are likely to enter into such contracts it is essential to seek more detailed guidance and legal advice from the DfE and others

Purchases over the thresholds set out below may fall under EU procurement rules.

Thresholds from 01/01/2018 and net of VAT	Goods	Services	Works
Public sector contracting authorities including academies	£181,302 (€221,000)	£181,302 (€221,000)	£4,551,413 (€5,548,000)

### 3.20 DATA PROCESSOR CHECKLIST

Below is a checklist to be used by the Trust in all situations where a Data Processor is engaged to process personal data on the Trust's behalf.

- Agreement is in writing under law of England and Wales
- Names of Processor and Controller details
- Details of ICO registration number and expiration date
- Details of the processing project, its purpose, subject matter and duration
- Processor can only act on instructions of Controller
- Duty of confidentiality for Processor's staff
- Processor to implement necessary security measures
- Only sub-contract with Controller's permission
- Make arrangements which allow Controller to respect rights of data subjects
- Assist the Controller with security and other data protection compliance
- Assist the Controller with Information Commissioner requirements
- Delete or return data at the end of the contract
- Details of processing activities to be made available to Controller
- Any legal requirements for disclosure to third party by Processor to be notified