



**Extend Learning**  
Academies Network

# FINANCE POLICY AND PROCEDURES

POLICY VERSION CONTROL	
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*Extend Learning Academies Network.*

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*A charitable company limited by guarantee registered in England and Wales (Company number: 10896504)*

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## KEY PRINCIPLES

This policy has been produced to ensure that Extend Learning Academies Network (ELAN) manage public funds in a proper and effective manner as set out in the Academies Financial Handbook.

- The Trust values of transparency and fairness will inform our financial practices
- Consideration will be given to **probity, accountability and value for money**.
- The current version of the Academies Financial Handbook will represent the context within which the ELAN and its schools operate financially.
- Monitoring and evaluation of this policy will be undertaken via the ELAN Trust Board and will be subject to scrutiny by the appointed internal and external auditors, as well as the Trust Audit Committee.

## 1. AIMS

This document has been adopted by Extend Learning Multi Academy Trust (the MAT)'s Board of Trustees, as the basis for the administration and management of finances. The aim of the policy is to create a framework within which individual members of staff, Board Members and other interested parties, can exercise financial management, probity and stewardship in an efficient and effective way.

This policy ensures that the Board of Trustees retains responsibility for the management of the budget, whilst providing a framework within which the Chief Executive Officer (CEO) can manage the budget on a day-to-day basis. It is essential that all parties are aware of their roles in the financial management of the MAT.

## 2. OVERALL MANAGEMENT RESPONSIBILITIES

Extend Learning Multi Academy Trust and the Board of Trustees have a collective responsibility for the overall direction of the MAT and its strategic management and have a responsibility not only to be effective but to be seen to be effective.

The Board of Trustees will manage and administer its affairs in accordance with high standards of Public Sector administration, based on a distinct set of values, the fundamental principles of which are: -

- **Openness** – an approach to all interested parties in the disclosure of information, that lends itself to necessary scrutiny.
- **Integrity** – this is best described as both straightforward processes and completeness.
- **Accountability** – the process whereby individuals are responsible for their actions and decisions.
- **Selflessness** – Board Members should act solely in the public interest and not in a way that is likely to confer financial benefits, preferential treatment or other advantage, on others.
- **Objectivity**– In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, decisions will be made on merit.
- **Honesty** – Board of Trustees have a duty to uphold the law, and to act on all occasions in accordance with the trust placed in them.
- **Leadership**– those in leadership should promote and support the above principles by leadership and example, always acting in such a way to preserve public confidence in the Board of Trustees.

Board Members and MAT Management will have regard to: -

- The Education Funding Authority (ESFA) Academies Financial Handbook
- Minimum standards of financial management as set out in the DfE/Master Funding Agreement, including Financial Regulations and Contract Standing Orders.
- Advice and guidance relating to the financial performance of MATs arising from the work of Ofsted, internal audit and external audit providers and other interested parties.

The MAT believes that staff should be able to raise concerns properly, in confidence and without prejudice to their personal position. Where appropriate, this will include an opportunity to raise concerns outside the line management structure, in accordance with the MAT's **Whistleblowing Policy**.

### **Relationship to Other Policies**

**This policy should be read in conjunction with the Academies Financial Handbook, the Funding agreement, the ELAN Scheme of Delegation, the School Development/Improvement Plans and the Terms of Reference, along with the following policies**

- Competitive Tendering policy
- Charging and Remissions policy
- Purchasing Policy
- Guidance for making expense claims
- Statement of internal control
- Credit card protocols

## **3. ROLES AND RESPONSIBILITIES**

### **3.1 Scheme of Delegated Authority**

The Board of Trustees recognises the importance of clearly defining the roles and responsibilities of its committees, the CEO and other staff. The terms of reference for the Board of Trustees and its Committees are laid out in a separate document.

The Board of Trustees, subject to their terms of reference, will decide how to spend the individual General Annual Grant (GAG) budget allocated by the ESFA subject to:

- Any conditions in the DfE/MAT Master Funding Agreement to protect its legal duties;
- The budget only being spent for the purposes of the MAT;
- Specific grant funding only being spent to meet the conditions appertaining to that grant.

The Chair of the Board of Trustees will take responsibility for the financial control and management of the MAT in the extended absence of the CEO.

Staff to sign documentation in accordance with the Authorised Signatories list attached as **Appendix A**.

### **The Board financial role is to:**

- Give detailed consideration to the best means of fulfilling the Trusts responsibility to ensure sound management of the trust's finances and resources, including proper planning, monitoring and probity.
- Develop an ethos of financial awareness and responsibility.
- Approve and publish the budget strategy for the coming year.
- Consider accept/reject the individual school budgets, prior to the start of each financial year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
- Contribute to the formulation of the board's development plan, through the consideration of financial priorities and proposals, in consultation with the CEO, with the stated and agreed aims and objectives of the Trust.
- Monitor the Trust's performance against budget on a regular basis reviewing significant variances.
- Maintain the stability of the Trust's financial position by monitoring cash flow including review of banking and investment arrangements.

- Ensure compliance with the overall financial plan for the board, and within the financial regulations of the ESFA, Charity Law and Funding Agreement.
- Monitor and review effectiveness of financial procedures and controls.
- Monitor the application of the finance policy, approving items of expenditure or contracts outside the limits of Local Governing Bodies as set out in the Finance Policy.
- Approve and publish Principal Accounting Policies Including Investment, Reserves and depreciation Policies.
- Ensure appropriate insurance cover arrangements are in place.
- Develop the Trust's strategies for procurement and value for money.
- Developing the Trust's strategy for the management of assets.
- Set and overseeing the Trust's annual budget for shared services (Top slice).

### **3.2 CEO's Financial Responsibilities**

The CEO is also appointed as the Trust Accounting Officer and is responsible to the Board of Trustees for ensuring the effective operation of the finance function. The CEO will ensure that:

- The roles of each member of staff are clearly defined and the duties of staff concerned with financial transactions and administrative processes will, as far as is practicable, be distributed to ensure that key tasks are assigned to separate members of staff and that appropriate systems of internal check exist.
- DfE/MAT Master Funding Agreement, Financial Regulations and Contract Standing Orders are adhered to.
- The procedures and process as detailed in the MAT Finance Manual are followed in the operation of the MAT's accounting and commitment systems.
- The Board of Trustees is provided with financial advice;
- Systems are in place to ensure that robust financial control is maintained at all times including procedures in the absence of key staff.
- Appropriate documentation and records of transactions are maintained to specified standards.
- Agreeing budgets with each school Headteacher before they are submitted to the Board of Trustees.

### **3.3 Trust Chief Operating Officer**

The Chief Operating Officer (COO) is appointed as the Chief Financial Officer (CFO) and is responsible for providing information and advice on all financial related issues.

- Liaising with members, trustees, staff, ESFA, auditors, other bodies and organisations as and when necessary in all areas concerning financial management.
- Support the CEO in providing financial management information to the Board of Trustees so they can monitor income and expenditure on a regular basis throughout the year.
- Providing financial management information to the Headteachers in order to assist them to monitor their school's performance and improve the decision-making process.
- Ensuring compliance with AFH, ESFA, Charity Law regulations and statutory requirements.
- Reviewing, updating and developing the MAT finance policy, as necessary including to comply with changes to the AFH.
- Ensuring that all financial transactions are in accordance with published procedures and statutory regulations.
- Ensuring that all financial staff have the necessary qualifications and training to undertake their respective tasks.
- Ensuring that the MAT staff payroll is implemented within statutory regulations.
- Ensuring that the pension arrangements are implemented in line with pension organisation regulations (both Teaching and Support Staff Pension Organisations).

- Preparation and management of Trust Budget for shared services (top slice).
- Line Management of the Trust Finance Managers.

### **3.4 Trust Finance Managers**

The Finance manager is responsible for:

- Preparation of consolidated accounts for presentation to the Trust Board and ESFA.
- Ensuring all financial reporting is completed according to the agreed reporting schedule.
- Overseeing the Trust's payroll, pensions administration and VAT returns.
- Managing the trust bank account including timely payment of invoices through appropriate methods e.g. BACs, cheques.
- Managing the trust cash flow.
- Managing the Trust Finance Office.
- Being point of contact with the Trust's appointed external and internal auditor.
- Co-ordinating the deployment of finance staff across the Trust.
- Providing central finance support across the Trust.
- Monitoring the school's financial position through the year.
- Providing the CEO, Headteacher and Chief Operating Officer with regular financial updates and alerting them to any concerns.
- Setting the school's budget in conjunction with the Headteacher and Chief Operating Officer.
- Managing the local finance staff.
- Overseeing compliance to the Trust Finance Policy.
- Assisting with the operation and maintenance of budget, finance and payroll computer accounting systems.
- Ensuring compliance with the AFH.
- Investigating, recommending and implementing changes to systems and procedures, to improve financial performance and satisfy value for money criteria.
- Assisting the HR team with the operation and maintenance of the payroll including pension administration.
- Producing management accounts in accordance with the agreed schedule.
- Overseeing purchasing and ensuring that it is compliant with the AFH and Finance Policy.

### **3.5 Finance Administrators**

The Finance Officers/Administrators are responsible for:

- Processing all official order requests.
- Processing all invoices.
- Processing requests for payments, raising BACs and cheques for authorisation
- Providing advice and support to budget holders on best value for money and producing financial management information.
- Processing all receipt of monies and for paying in at the bank on a regular basis.

### **3.6 Separation of Duties**

In order to reduce the risk of error or intentional manipulation, the Board of Trustees and the CEO will ensure the separation of those responsibilities or duties which would, if combined, enable one individual to record and process a complete transaction.

Wherever possible the following duties will be separated:-

1. authorisation – of a transaction such as a purchase order or payment;
2. execution – the placing of an order, receiving of goods and services;
3. custody – the holding of goods and services;
4. recording – the completion of accounting records.

### SEPARATION OF DUTIES MATRIX

TASK	RESPONSIBLE OFFICER
Orders raised	Budget holder
Orders processed	Administrator
Orders authorised	CEO/Head of Operations
Goods and services checked in	Administrative Assistant
Payments processed or Returns made	MAT Finance Managers/ Senior Administrator
Payments authorised	CEO/Head of Operations

### 3.7 Staffing of the Finance Function

The MAT operates a central Administration service for all academies within the Trust, that includes HR, Finance and Estates Management. The appointment of staff should be made with due regard to the qualifications and capabilities commensurate with their duties. Inevitably, the proper functioning of any system depends on the competence and integrity of those operating it. The qualifications, experience and personal qualities of those involved with financial arrangements are important features of an effective control system.

Consequently, the Board of Trustees should establish procedures to ensure that: -

- Personnel are competent, suitably qualified and trained to perform at a level commensurate with their responsibilities;
- Training needs and opportunities for staff, particularly for those with financial responsibilities, are reviewed on a regular basis
- Clear statements of criteria for personnel selection and formal job descriptions are maintained;
- Finance staffing levels are adequate;
- There are effective arrangements in place to deal with the absence of key financial personnel to ensure the effective operation of the finance function and to ensure that financial control is maintained. This may be achieved through a combination of work shadowing, documented financial procedures, specified cover responsibilities are included in Job Descriptions and that support is sought, as required, from other suitably placed staff across the MAT or external advice sought.

### 3.8 Human Resources and Payroll

The CEO will, where possible, allocate duties to ensure that an appropriate division of duties exists in the area of completing, checking and authorising of all documents and claims relating to appointment and termination of employment and expenses.

Payroll transactions will be processed only through the approved MAT payroll system (PSP). Payments for employment will not be made to staff or visiting lecturers etc. through any other mechanism. All Payroll transactions relating to staff employed by the MAT (contracted staff) or the Board of Trustees (generally casual staff) will be processed against official ESFA funds (General Annual Grant or GAG) and not a voluntary unofficial fund.

The MAT will comply with the procedures laid down by the MAT on determining employment or self-employment of individuals (**Appendix C**). Unless an individual has provided clear evidence of self-employed status all payments to individuals will only be processed through the payroll system, in line with HMRC guidance.

### 3.8.1 New Appointments

All new positions require an Authority to Recruit (ATR).

For positions within the approved budget these must be signed by the Headteacher, with the exception of SLT/Management positions which also require the CEO's authority.

All new positions outside of the approved budget must be authorised by the CEO and reported to the Board.

### 3.8.2 PAYROLL - Authorised Signatories

Payroll documentation for new appointments and resignations, including Salary Statements must be signed as follows:

#### ELAN Posts

- CEO/Executive Principal to be signed by Chair of Board of Trustees
- Chief Operating Officer to be signed by CEO and Chair of Board of Trustees

#### School Posts

- Trust wide appointments to be signed CEO and Chief Operating Officer

#### School Posts

- Individual School Headteacher appointments to be signed by the CEO and Chair of Board of Trustees
- All other staff must be signed by the Headteacher (or the Deputy Headteacher in the absence of the Headteacher). All other payroll documentation must be signed by the Headteacher and Central HR
- Contract amendments can be authorised by the Headteacher and signed by Central HR as long as the amendment is within the agreed budget.

### 3.8.3 General

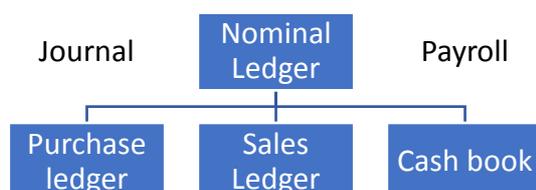
- All overtime worked must have prior authorisation by a member of the leadership team. Overtime claims completed at the end of each month are paid with the following month's salary.
- All payroll files are kept in the Central Finance Office. Access is restricted to the Board of Trustees, Headteacher and Central HR/finance staff.
- Payroll records are kept in a fireproof cabinet in the Central Finance Office.
- Net payments to staff are made by direct debit using the Banks Automated Clearing System (BACS). All other payments to external agencies are made by direct debit. It is the responsibility of the Finance Manager to ensure that payments are made by the required statutory dates so that no unnecessary fines are incurred.

**Payroll Procedure** See separate payroll flowchart documentation.

## 4. BUDGET MANAGEMENT PROCEDURES

### 4.1 Accounting System

All the financial transactions of the Trust must be recorded on the Trust accounting system. The Trust is currently using PS Financials for its accounting and financial management. The system consists of



Payroll is currently provided by North Somerset Council (NSC) and postings are made by journal via a payroll control account in the nominal ledger. It is planned to bring the payroll system in house using PS People (Payroll and Personnel) during 2018.

The cashbook is reconciled to Bank statements monthly.

Entry to PS Financials is password restricted. Access to the component parts of PS Financials can also be restricted and the CEO/Operations are responsible for setting access levels for all members of staff using the system.

#### **Back up procedures**

Data will be stored on a dedicated server hosted by PS Financials Cloud. PS Cloud is located in a highly secure UK Datacentre, which is Tier 3 and ISO 27001 compliant. Backup copies are also taken daily to a secure secondary location, again hosted by PS Financials.

#### **4.2 Financial Planning Process**

An effective budget must support the MAT's priorities for raising standards and attainment. This can be done by ensuring that the MAT's plan for improving education outcomes and the budget are closely aligned and that the budget reflects the MAT's education priorities. The MAT Improvement Plan for raising education outcomes and the budget need to be closely linked so that the MAT can weigh up whether it has enough funds to pay for the activities that it believes are necessary for the MAT to achieve its education objectives. Also, it will be easier to show value for money if objectives within the plan have been achieved within the budgetary constraints.

A forward projection of budget of the MAT's income and expenditure for the immediate following year and at least two succeeding years will be prepared by the CEO for approval by the Board Members in accordance with the Board of Trustees' terms of reference. The projection should include both revenue and capital funds; income from all sources and all planned expenditure.

The principal assumptions in setting the budget that need to be taken into account when setting the budget plan are:

- future numbers of pupils and their characteristics;
- class and group sizes;
- staffing profiles and increments;
- pay and price increases, including those due to inflation;
- changes in revenue and capital income;
- curriculum resources and curriculum development plans;
- occupation costs of running the MAT premises (e.g. energy costs, site services);
- procurement and maintenance (e.g. fabric and fittings, ICT equipment, whiteboards).
- Central costs of the MAT and contributions from individual schools (top slice)

The Academies Financial Handbook, 2017 (Education Funding Agency) states in section 3.10.5 that a multi-academy trust (MAT) can collect a proportion of general annual grant (GAG) funding from all its academies to form one central fund. This fund can then be used to meet the costs of running the trust. The collection of a percentage of individual academies' GAG funding for a MAT's central fund is sometimes referred to as '*top-slicing*'.

For the financial year 2017/18 The Extend Learning Academies Network (ELAN) will retain 5% of a constituent academies GAG funding excluding:

- Pupil Premium Funding
- PE Sports Grants
- Nursery Funding
- Universal Free School Meals Funding
- Other non-GAG Government Funding

- Top-Up Funding for special educational needs (SEN) or Additional Educational Needs funding in mainstream academies
- Other income generated by individual academies

The top-slice will be used to fund the central administration of ELAN on behalf of the academies including Operations, HR, Finance, Estates and School Improvement.

Board Members should ensure that any new initiatives are carefully appraised in relation to all likely costs and benefits and their financial sustainability, before being formally approved.

#### **4.3 Budget**

Each school's Headteacher is responsible for the preparation of their annual budget, in conjunction with the Chief Operating Officer and Finance manager.

- Headteacher, CEO and Chief Operating Officer will agree draft budget in Term 3/4 annually.
- Each school's Local Governing Body will scrutinise and challenge this draft.
- The Chief Operating Officer will agree a draft budget for Trust shared services with the CEO and Executive Team by end of April annually.
- An amended draft of each school budget and the Trust shared services budget will be reviewed and approved by the Board in late June/early July annually.
- Budgets will be submitted to the ESFA by the required deadline by the Chief Operating Officer.

#### **Monitoring at School Level**

- The process of monitoring actual expenditure against budget is continuous. Day to day responsibility for monitoring and control lies with budget holders. The finance staff will issue a termly report to each budget holder detailing committed and actual expenditure.

#### **4.4 Audit**

The Trust must produce fully audited company accounts as at the 31 August each year. The Board must appoint a Statutory Auditor, which is registered under the requirements of the Companies Act, to conduct an audit in line with Company Accounts requirements, SORP for charities and certify the accounts are "true and fair".

Final accounts must be published in accordance with current regulations and ESFA guidelines. Interim audit reviews of financial and procedural matters are carried out by an Internal Auditor, according to the schedule agreed each year by the Trust's Audit and Risk Committee.

#### **4.5 Reporting**

The following reports will be produced by the central finance office:

- Termly management accounts with forecasted year end outturn
- Monthly interim PSF extract reports showing actual spend against budget

#### **4.6 Reserves**

The Board of Trustees need to consider the level of reserves the MAT should hold to assist in strategic planning and to ensure the stability of the MATs operations. This includes its ability to adjust quickly to financial circumstances such as large unplanned expenditure, cyclical maintenance and working capital requirements. Where reserves are held, it is a requirement that Trustees state their reserves policy in their annual report.

Any unspent amounts will show on a separate line of the budget and will be reported to the Board of Trustees.

#### **4.7 Budget Management**

The CEO, with the support of the finance managers, is responsible for preparing the annual revenue budget in sufficient detail to conform to the MAT reporting requirements and to enable the

effective management of the available funds by the Board of Trustees, which is responsible for ensuring that total forecast expenditure does not exceed the available funds.

To ensure this can be done, the CEO will provide the following:

- regular monthly reports using the PSF reporting system;
- regular (at least termly) monitoring reports to the Board of Trustees or Audit and Finance Committee;
- additionally, the MAT will extract data as required by the ESFA Academies Financial Handbook monthly, in relation to cash flow.

As a minimum standard the Board Members and the MAT can expect to see:

- A separate budget monitoring statement for each of the funds provided by the ESFA. The statement should show a comparison of expenditure and income to the approved budget. Expenditure and income should be broken down into those sums actually spent, sums already committed and the amounts of expenditure and income which are planned but to which the MAT is not yet committed. The statements should show, as accurately as possible, the forecast year end position.
- A written report should accompany financial statements (this can be in the form of notes as part of the monitoring statement) providing details of major variations and highlighting areas of uncertainty. The report will also show the latest forecast pupil numbers and the financial implications of any revised forecasts.

It is essential that reports produced are accurate as far as reasonably possible. The CEO is responsible for ensuring that quality controls are in place so that reports are of a sound standard. Staff responsible for the production of financial reports must ensure that they take appropriate steps to guarantee the reliability of the information.

The CEO may delegate responsibility for elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the MAT as a whole. Delegated budget holders within the MAT will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are to be accountable to the CEO.

Board Members and the CEO will periodically review the provision of financial information to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative information.

#### **4.8 Value Added Tax (VAT)**

Under DfE regulations for Academies, VAT can be recovered on all expenditure, revenue and capital where VAT has been charged by the provider of the goods or service. Likewise, Academies must levy VAT on income if appropriate following the guidance given in the MAT VAT Manual.

All transactions, expenditure and income, must be appropriately coded to the correct VAT rate when entered into the accounting system. This is essential to ensure that Input VAT (expenditure) can be offset to Output VAT (income) on a monthly VAT report to be submitted to the HMRC.

The MAT will submit a VAT Return for all academies within the MAT on a monthly basis. The VAT reimbursement (the balance between Input and Output VAT) will be passed onto each academy when received from the HMRC. The MAT is therefore able to set a budget based on Net values, assuming full recovery of VAT.

## 5. VALUE FOR MONEY, PURCHASING AND PAYMENTS

### 5.1 Value for money

The Board of Trustees recognises the principles of Value for Money and aims to achieve best value for money from all its purchases. A large proportion of the Trust's purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

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

The CEO is responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services in accordance with DfE/Master Funding Agreement, Financial Regulations and Contract Standing Orders.

Competitive quotations should be obtained where appropriate, following guidance shown in table below, before an official / commitment order can be issued.

	Value of Order	Authority to proceed
Comparison of Supplier catalogues, verbal enquiry or written confirmation.	Below £5000	CEO or authorised officer according to Limits of Delegation given in Section 3.1
At least a single quotation to be obtained (multiple quotations preferable).	£5,000 - £10,000	CEO
At least three written quotations to be obtained.	£10,000 - £25,000	Audit & Finance Committee

For orders over £25,000, the MAT's **Competitive Tendering Policy** will be applied.

The CEO will maintain a register of all other Contracts and Operating Leases entered into by the MAT. **Hire Purchase Agreements should not be entered into under any circumstances.**

### 5.2 Register of business interests

The Board of Trustees and staff should consider any business, commercial or financial interests they may have which might give rise to a potential conflict of interests leading to suggestions that their objectivity and integrity is compromised. Pecuniary interests should be confidentially recorded for consideration by the Board Members and Chief Executive Officer.

The Register of Business Interests should be formally referred to prior to the acceptance of quotations or the awarding of contracts. It will be minuted in the Board Members' minutes that this procedure has been followed.

### 5.3 Routine Purchasing

Budget holders will be informed of the budget available to them at the beginning of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

A termly print detailing actual expenditure against budget will be supplied to each budget holder and Headteachers will be given web access to view their budget. Budget holders are encouraged to check their budgets on a regular basis to ensure that spending is kept within the budget limits.

### 5.4 Purchasing Authority

No expenditure should be incurred or commitment entered into without formal delegated authority. A list of delegated authorities will be issued annually, once agreed by the Board. Internal Purchase Orders must always be signed by the budget holder and countersigned at the appropriate level, according to the purchasing authority levels. (See Authority Level section for levels of authority)

No service / provision of goods contract of duration of more than 12 months can be entered into without authorisation in writing from the Chief Operating Officer, no matter what the value of the contract.

Where the contract is for an enduring service valued above £30k per year, the Chief Operating Officer's authorisation is necessary if it is not planned to use a multi-year contract.

All purchase orders must be priced before submission for authorisation, unless exceptional circumstances prevail in which case an explanation will be required and a best guessed estimate must be given. Purchase orders must be submitted with all quotations received and retained together.

### **5.5 Orders for Goods and Services**

Official / commitment orders will be raised by the finance administrator through the accounting system on receipt of a requisition form signed by the appropriate budget holder and authorised in accordance with the Scheme of Delegation. Orders will be signed in accordance with the Limits of Financial Delegation.

Any telephone or verbal orders, supported by an authorised Requisition Form, must be confirmed by an official / commitment order within 3 working days.

Non-order invoices are discouraged wherever possible.

### **5.6 Goods returned**

The MAT will maintain clear policies on returned goods. A goods returned log must be maintained in order to document the return to the supplier. This includes a description of the goods, the reason for the return and the date returned via post, courier or otherwise. This procedure ensures that replacements or credits are received for all returns.

### **5.7 Payment of Accounts**

Invoices will only be paid when the budget holder has shown approval that goods and services have been received and are of the quality expected. Payment should be made within reasonable time limits and discounts taken for quick payment where appropriate, ensuring that the MAT has paid the invoice within 30 days of receipt.

If payment is made outside the terms of payment, the MAT may be liable to a financial penalty under the provision of the EU Late Payment Directive of 2012.

### **5.8 Credit Card**

The Credit Card is issued for the express function of obtaining goods and services for the MAT or for payments relating to business expenses incurred in the course of the Cardholders' official duties.

The CEO will approve any applications for Credit Cards including Cardholders and associated limits. See Appendix B for Cardholders and agreed Transaction limits.

A Requisition Form signed by the appropriate budget holder and authorised in accordance with the Scheme of Delegation should be completed in advance for all internet purchasing transactions, with appropriate research into Value for Money procurement. Care should be taken to ascertain whether a VAT receipt will be produced, as otherwise VAT cannot be reclaimed (and the goods will be charged to the budget at the VAT inclusive price).

All cards must be kept securely in the safe at all times and signed in/out when taken off site.

### **5.9 Banking and cash handling**

#### **Online Banking with Lloyds Commercial Bank**

In certain circumstances it is deemed appropriate to make a payment directly through the Lloyds Link Online banking service. These transactions must be recorded with supported documentation and authorised at the appropriate level in accordance with the Scheme of Delegation.

### **Bank Facilities**

The Trust's bank mandate is subject to annual review by the Board of Trustees.

### **BACS**

A Bank Payment Report will be sent to the Chief Operating Officer for authorisation prior to BACS payments being submitted for payment.

The BACS payment must be authorised by two authorised personnel, one of which must be the CEO or the Chief Operating Officer.

### **Cheques**

All cheques will be signed by two authorised personnel and each cheque drawn on public funds must be signed by at least either the CEO or the Chief Operating Officer.

The bank has been informed that the school is not allowed to borrow funds and that no account can become overdrawn.

### **5.10 Goods and Services for Private Use**

The MAT will avoid practices such as obtaining goods and services that may include an element of private use for Board Members or staff. Board Members and staff will also avoid accepting excessive hospitality, entertainment, or other services from existing or prospective suppliers.

### **5.11 Petty Cash**

No Petty cash will be held by the schools. All claims for reimbursement/expenses will be paid via the BACs system.

The relevant budget holder must authorise expenditure before the purchase of any goods/services, unless in exceptional circumstances

The maximum amount for non-purchase order expenditure is £50

In exceptional circumstances planned non- order purchase exceeding this limit must be authorised by the finance manager.

A valid VAT receipt should accompany all expenditure and attached to the claim form

## **6. INCOME AND SUNDRY DEBTORS**

### **6.1 General Income Matters**

The main source of income for the Trust are grants from the DfE and other public bodies. The receipt of these sums is monitored directly by the Finance Manager who is responsible for ensuring that all grants due to the Trust are collected.

The Trust also obtains income from:

- Students, mainly for trips and
- The public, mainly for sports lettings.

The CEO is responsible for the correct accounting of all income due to, and cash collected by, the MAT. Where possible, the CEO will ensure that the responsibility for determining sums due to the MAT is separated from the responsibility for collecting and banking such sums.

Where invoices are to be raised, the MAT will do so promptly using authorised MAT invoices. The invoice will clearly detail the service or goods provided, the settlement date and the payment required.

Where cash is collected, whether it is due to a fund provided by the ESFA; fund raising or donations; or an unofficial fund, a VAT receipt will be issued. In agreed circumstances such as when collecting monies for a MAT activity for a group of pupils, Cash Collection listings will be used and a single receipt given for the group income. The receipt books will be those approved by the MAT and include VAT, where appropriate.

Cash and cheques collected will be kept secure until the time of banking. Income collected will be banked in its entirety as promptly as possible (usually weekly) and will not be used to cash personal cheques or for other payments.

Sums received will be reconciled to the sums banked and to the accounting system to ensure that sums banked to the individual MAT and/or MAT bank account are correctly attributed to the MAT.

## 6.2 Debt monitoring and Debt recovery

All debts will be monitored at regular monthly intervals, via an “Aged Debtor report” in the accounting system or an appropriate manual record. As a minimum requirement the report will contain the following information:

- Debtors name/description
- Amount of Debt
- Period of debt outstanding

The MAT will require a policy for debt collection. The policy requires that persons who do not pay receive a follow up demand and subsequent follow up and appropriate further action. The following recommended timescale and actions will be applied in respect of debt monitoring:-

Outstanding	Required action
Day 1- debt is raised	Debtor has 28 days to clear debt
Day 30	If debt is still outstanding, reminder sent to customer. Customer must respond within 7 days
Day 44	If debt is still outstanding a final reminder/pre proceedings letter is sent.
Day 51	If debt is still outstanding, issue proceedings to formally recover the debt.

Procedures for school meal debt recovery are outlined in the **School Meals Debt Recovery Policy**.

### **Bad Debt Write Off**

All debts, regardless of age, should still be attempted to be collected, and will remain as a bad debt until it is written off.

The CEO, with delegated responsibility from the Board of Trustees, has a write-off limit of up to and including £1,000. The CEO must consult the Chair of Finance and Audit Committee of the intention to write off the debt and formally inform the Board of Trustees at the next meeting.

The decision to recover a debt up to and including £2,500 will be made by the Audit and Finance Committee or the Board of Trustees. The decision will be given consideration following a report from the CEO, and it will be clearly minuted. The Board of Trustees cannot write off any income relating to the Local Authority e.g. non-delegated MAT meals income.

The CEO and Board of Trustees will be advised of any debt that exceeds £2,500, so that appropriate debt recovery action can be taken. Before the decision to write off the debt can be made, each case will be considered on its merits and will include consideration of factors such as the value of the debt in relation to the cost of recovery and the likely success of proceedings.

## 6.3 Charging and Remission of Fees

The Board of Trustees will review the charging and remission policies at least every three years on the basis of recommendations put forward in a written report by the CEO. The policies adopted will be based on the guidance issued by the DfE and the MAT.

## **6.4 ESFA Borrowing Requirements**

In line with funding agreements, Academy Trusts must seek the ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable. Credit cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues. The Secretary of State's general position is that Academy Trusts will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives.

## **6.5 Novel and/or contentious transactions**

Novel and/or contentious transactions must always be referred to the ESFA for explicit prior authorisation in line with the Academies Financial Handbook.

Novel payments or other transactions are those of which the Academy Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media.

### **6.5.1 Staff Severance Payments**

Trustees must consider the following issues before making a binding commitment:

- Trustees must reasonably consider the proposed payment to be in the interests of the Trust.
- Is such a payment justified, based on a legal assessment of the chances of the Trust successfully defending the case at employment tribunal? If there is a significant prospect of losing the case then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the Trust is likely to be successful, then a settlement should not be offered.
- If the settlement is justified, the Trust would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award in the circumstances.
- Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal claim because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.
- Academy Trusts have delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more the ESFA's prior approval must be obtained before the Trust makes any binding settlement offer to staff.

### **6.5.2 Compensation Payments**

The Trust must base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.

- Academy Trusts have delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more the ESFA's prior approval must be obtained.

- Trusts should routinely consider whether particular cases reveal concerns about the effectiveness of internal control systems, and take any necessary steps to put failings right.

### **6.5.3 Ex Gratia Payments**

Ex gratia payments can include payments made to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

Ex gratia payments must always be referred to the ESFA for prior authorisation. HM Treasury approval may also be needed dependent on the nature of the transaction.

## **7 BANKING ARRANGEMENTS**

The CEO is responsible for ensuring arrangements operated are in accordance with procedures specified by the MAT Financial Regulations.

### **7.1 Opening of Bank & Building Society accounts**

The MAT has arrangements for all Restricted / official funds to be banked with Lloyds Bank plc who provide a comprehensive banking service to Academies and Multi Academy Trusts. Each academy will receive ESFA funding into their designated individual account within the MAT bank account, in accordance with ESFA funding arrangements and our own MAT procedures. The setting up and opening of this accounts has been managed by the central MAT, and academies may not transfer official funds to any other account without the express authority of the Chief Finance Officer.

The opening of any other account should be discussed with the CEO of the MAT and authorised by the Board of Trustees who should set out, in a formal memorandum, the arrangements covering the operation of account, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds should also be subject to the same level of control. The bank should be advised that the account must not become overdrawn since MATs are prohibited from borrowing to finance a revenue deficit in accordance with the DfE/ Master Funding Agreement.

### **7.2 Deposits**

The MAT should ensure that particulars of any deposit are entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include: -

- the amount of the deposit and date of receipt; and
- a reference, such as the number(s) of the receipt(s) or the name of the debtor.

### **7.3 Payments and Withdrawals**

There should be robust controls over all ways in which funds may be drawn from accounts, including such operations as standing orders, direct debit mandates, BACS payments and salary payments.

MATs should implement the following controls, ensuring that: -

- there is separation of duties between the authorisation, preparation and issue of cheques, so that no-one who may sign a cheque may also prepare and issue it;
- suitable authorised documents for example cheque requisitions exist or are approved by non-signatories (who need not be Board Members) in respect of every cheque signed;
- a minimum of **2** people are authorised to sign cheques as listed in Appendix B. All must be kept up-to-date with current procedures;

- mandates are held by the MAT's bankers detailing the arrangements above together with clear instructions that the MAT's bank accounts must not become overdrawn.

The Controls listed above exist over electronic withdrawals and electronic transfer of funds, including BACS and direct banking links such as telephone banking or computer banking e.g. for payroll purposes or the investment of surplus funds or other transfers of funds between accounts.

Cancelled cheques should be defaced and retained.

If payments are to be made by BACS transfer, the MAT must ensure that the details of the receiving bank account are correct and that there are controls in place to guarantee the accuracy and authenticity of transactional information.

#### **7.4 Reconciliation of Bank Accounts**

##### **Bank Reconciliation**

Reconciliations are performed by the Finance Officer within five working days of receipt of a bank statement. The Finance Manager certifies the reconciliation.

Statements must be reviewed, thoroughly checked and formally reconciled to the accounting system at least monthly. The reconciliation report must be retained on file with each Bank Statement, and printouts of outstanding debits and credits should be attached to the reconciliations.

Statements must be checked to ensure:

- All expenditure items – BACS payments, Cheques, Petty Cash withdrawals, Purchasing Card transactions and Online Banking transactions – have been listed;
- There are no incorrect entries, or those that do not apply to this account;
- The entry amounts match the invoices, vouchers or other transactions;
- That all income and banking has been listed.

Un-presented cheques over 6 months old should be written off.

The reconciliation and any discrepancies are reported by the Chief Finance Officer for investigation to the CEO.

#### **7.5 Investments Strategy**

Details regarding investment strategy are detailed in the **Investment Policy**.

## **8. SECURITY OF ASSETS**

### **8.1 Assets**

Acquisition and disposal of fixed assets (Reference Academies Financial Handbook Section 2.4.21)

The trust must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following transactions:

- acquiring a freehold on land or buildings;
- disposing of a freehold on land or buildings; and
- disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.
- The trust may dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above) without the approval of the Secretary of State.
- The trust must ensure that any disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

- Some property transactions may be novel or contentious and so require the consent of the Secretary of State on that basis (please refer to the Academies Financial Handbook).

## 8.2 Capital Funding

**Devolved Capital** - Estates Manager to complete annual premises form giving details of project and priority within premises plan and submit to Chief Operating Officer

### **Asset Register**

Maintenance of the equipment register is managed by the Estates manager and overseen by the Chief Operating Office. It is the policy of the Trust that each school must maintain an asset register of its moveable assets and enter individual acquisitions with a cost greater than £100 onto the register, although items of a lower value may be included.

The relevant school Headteacher is responsible for ensuring that all equipment is marked as belonging to the school.

The asset register must be checked annually with the physical assets and the Chief Operating Officer informed of any surpluses/deficiencies revealed at these checks.

Details of the annual audit of the asset register will be overseen by the Chief Operating Officer and will be presented to the Board of Trustees.

When disposing of assets, the school will endeavour to maximise the proceeds of any asset sale. No asset over the value of £500 may be sold or scrapped without the authority of the Chief Operating Officer.

Non-valuable items (up to £1,000) can be disposed of internally or by selling at school functions, with the authority of the Chief Operating Officer.

Valuable items (over £1,000 at the time of disposal) should also be referred by the Chief Operating Officer to the Board of Trustees, following approval for disposal should be advertised to the public and parents.

If the asset, for which a capital grant in excess of £20k was received, the approval of the Secretary of State is required prior to sale or disposal.

All disposals of equipment and other assets must be authorised by the Chief Operating Officer and the CEO.

All losses must be reported to the Chief Operating Officer.

The Headteacher ensures that the police have been informed, if the loss is as a result of burglary or theft, the insurance company is informed at the same time. Action is taken immediately to prevent further loss.

## 8.3 Letting of MAT Premises

The letting of MAT Premises and Grounds should always be subject to a formal contract, even when the Hirer or User is connected to the MAT. A detailed **Lettings Policy** together with charges is contained in a separate document.

## 8.4 Insurance

The CEO and COO will review the insurance needs of the MAT annually and liaise with the central MAT team where appropriate to ensure that specific arrangements remain appropriate. Following the approval of the Board of Trustees, the CEO will ensure the agreed arrangements are in place.

The Board of Trustees will periodically consider whether to insure risks that are not covered by an existing policy arranged within the MAT or other voluntary body. The cost of premiums for any additional cover should be met from the MAT's delegated budget.

The CEO will be responsible for ensuring that Board Members are made aware of all new risks, and all incidents which may give rise to an insurance claim (e.g. accident, theft etc) should be reported immediately to the insurers and within the MAT.

## 8.5 Computer Systems

The Board Members recognise the importance of protecting computerised financial management systems and the data held therein. The CEO will ensure that the MAT is registered in accordance with the Data Protection Act 1998 and GDPR in May 2018.

The CEO will ensure that effective backup procedures are in place and that all back-up disks or tapes are stored securely.

Access to MAT management computer systems will be limited to authorised staff. These staff will use passwords which should not be disclosed and should be changed regularly. Only authorised software will be used to prevent the import of computer viruses. Staff will only have access to those modules appropriate to their duties.

The Board of Trustees will ensure that a robust system is in place for the secure and encrypted transfer of data by email to ensure the MAT is not open to any data protection breaches.

### **8.6 Controlled Stationery**

The following are defined as Controlled Stationery and should be recorded, with serial numbers, on receipt, on opening and on completion. Books should not be split, and blank forms secured when not in use.

- Receipt books; Cheque books, Paying-in Books

### **8.7 Security of Stocks and Other Property**

The CEO is responsible for the care and custody of all assets within the MAT and will maintain proper security for all buildings, vehicles, plant, stocks, stores, furniture, equipment, keys and cash.

The CEO will ensure that a register of assets / inventory is maintained in accordance with the provisions of the DfE Academies Financial Handbook. Inventories will be checked at least annually and any discrepancy shall be investigated. The Board of Trustees will be informed of surpluses and deficiencies revealed by an inventory check.

An inventory should: -

- form an important part of the MAT's procedures for ensuring that staff take responsibility for the safe custody of assets;
- enable MAT management to undertake independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- help the MAT to manage the effective utilisation of its assets and to plan for their replacement;
- support insurance claims in the event of fire, theft or other losses.

It is good practice to ensure that items particularly at risk should be permanently and visibly marked as the MAT's property and there should be a regular, annual count by someone other than the person maintaining the inventory.

The Chief Finance Officer and Estates Manager will advise the MAT on the Asset Management reporting required by the ESFA, and the financial accounting of asset depreciation.

Safes and similar storage facilities will be kept locked and the keys removed to be held by the key holder who will be nominated by the CEO. Normally key holders will carry keys on their person and keys must not be left on the premises overnight. A list of key holders will be maintained by the Estates Manager and loss of any keys must be reported to the CEO and where necessary the central MAT.

### **8.8 Loan of assets**

Items of MAT property should not be removed from MAT premises without the appropriate delegated authority. A record of any loan should be recorded in the appropriate book by the MAT and the record updated when the asset is returned.

During holiday periods, for security reasons, staff may take high value assets home. The position relating to insurance should be clarified and explained to the staff concerned before any assets are taken off the MAT premises. 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. This has implications both for tax purposes for the individual concerned and for the proper use of public funds. Loans should therefore be kept under review and advice as appropriate.

### **8.9 Sale/disposal of assets**

Surplus portable assets financed from the MATs delegated funding can only be disposed of by sale or destruction following written authorisation by the CEO/Chair of Finance and Audit Committee. The income realised from the sale of assets will be retained by the academy making the original purchase.

Items expected to realise up to £100 will be advertised to parents/employees via MAT notice board. Items expected to realise between £100 & £10,000 will be offered for sale giving priority to other academies within the MAT, and then other schools accordingly.

Items expected to realise in excess of £10,000 will be approved by the Chair of the Board of Trustees and the MAT should seek advice from the CEO.

Surplus assets funded from non-delegated funds will be offered to the MAT for relocation.

### **8.10 Anti-Fraud and Anti-Corruption**

The Board of Trustees and staff have a duty to report another member of staff, Local Governing Body or Board Member whose conduct is reasonably believed to represent a failure to comply with the **Anti-Fraud and Anti-Corruption Policy**. Allegations of suspected fraud should be brought to the attention of the CFO and also referred to the CEO, unless this individual is involved in the irregularity in **which case the Chair of the Board should be informed**.

#### **8.10.1 – Fraud**

The Board of Trustees and staff have a shared responsibility in respect of preventing and detecting fraud. This incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

#### **8.10.2 – Corruption**

Corrupt practices are defined as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the MAT, its staff or those in a position of governance.

## **9. OPERATIONAL POLICY AND PROCEDURE:**

- A minimum of two signatures is required on Cheques;
- A formalised monthly reconciliation statement to all cleared bank balances is required with a copy presented to the Audit and Finance Committee at least termly. The CEO should sign the statement as correct;
- All income is to be properly receipted;
- Expenditure must be supported by proper invoices or vouchers, which must be retained for a minimum of 6 years;
- All items of expenditure will require the CEO's signature;
- Items of expenditure in excess of **£10,000** will require approval by the Chair of the Audit and Finance Committee;
- Wages, honoraria, loans or ex-gratia payments are not to be made from the MAT Fund;
- However, gifts (not cash or cheques) may not be given of any amount without the prior approval of the Board of Trustees.

## **10 Financial administration:**

## **10.1 Accounting Systems**

ELAN operates a central administration system with the use of PS Financials (PSF) for finance, payroll and personnel.

Access to the full PSF system is restricted to the CEO, Chief Operating Officer and Central Finance Team. Reduced (restricted) access is available to schools in order to process on line orders

## **10.2 Accounting Records**

- Only authorised staff are permitted access to the accounting records which should be securely retained when not in use.
- Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled by an authorised person.
- All accounting records including invoices, order forms, bank statements, etc. are retained in line with guidelines, in a secure area.

## **10.3. Insurance**

It is the responsibility of the Chief Operating Officer to ensure that the adequacy of insurance is reviewed annually and reported to the Audit Committee.

- Details of all insurance policies held by the Trust are kept in the Finance Office under the control of the Chief Operating Officer.
- The schools immediately inform the central team of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under an insurance policy must be authorised by the Chief Operative Officer before submission to the insurance company.
- An annual return of all insurance claims is submitted to the Board, at the end of each financial year.

**10.4 Income generation** including ACTIVITIES - involving collection of income /donations from parents

### **10.4.1 School Lettings**

Please refer to the ELAN Lettings Policy.

### **10.4.2 Charges and Remissions**

Please refer to the ELAN Charging and Remissions Policy.

### **10.4.3 'UNOFFICIAL' School Funds**

It is the responsibility of the trip organiser to ensure that sufficient funding is available to cover the cost of all trips and the administration associated with it.

Collection of any cash/ cheques is to be collected by the school office, banked and recorded on the banking template and sent to the Finance Team weekly.

All fund raising by students, for charitable purposes, should be paid directly to the Finance Team for banking, in readiness for payments to be made by cheque to the named charity.

All requests for payment should be accompanied by invoices, or request for payments form signed by the relevant budget holder.

The accounts are included with the annual accounts and as such are audited during the annual audit.

## **11. GENERAL**

### **11.1 Board Members' Expenses**

The policy relating to Governance Expenses will be reviewed at least every three years and, if payable, will be in accordance with the MAT scheme for Governance Expenses.

### **11.2 Register of Business Interests**

The Board of Trustees and MAT staff has a responsibility to avoid any conflict between their business and personal interests and affairs and interests of the MAT. A Register of Business Interest will be maintained for both Board Members and staff with an influence over spending decisions. The register should be made available for inspection by the Board Members, staff, parents and MAT (Appendix D).

The register will include all business interests such as directorships, share-holdings and other appointments of influence within a business or other organisation, which may have dealings with the MAT. The disclosures should also include business interests of relatives and other individuals who may exert influence.

The Clerk to the Board, on behalf of the Board of Trustees must maintain a register of pecuniary / business interest forms for each member of the Board of Trustees and the CEO recording business interests. The register must be kept up to date with notification of changes and through a recommended annual review of entries. The Board of Trustees will ensure that all members of staff are aware of the responsibilities for declaring any links or personal interests which they have with regard to contractors and suppliers. The CEO will maintain, in a suitable form, a record of the details of those members of staff who declare any links or personal interests which they have with contractors and suppliers.

### **11.3 Gifts and Hospitality Register**

As a general rule staff must not accept from suppliers or contractors or potential suppliers and contractors or from any firm or organisation with whom the MAT has had, is having or may have any dealings of any kind:

- any gift (other than an inexpensive seasonal gift such as a calendar or diary for use in the office) and where refusal would cause needless offence and the giver is not seeking a business decision but merely wishes to express thanks for service, advice, help or co-operation.
- any hospitality without the written authorisation of the CEO or Chair of Board Members.

A register will be maintained by the CEO to record all particulars of gifts and hospitality.

## APPENDIX A

### AUTHORISED SIGNATORIES LIST FOR EXTEND LEARNING MULTI ACADEMY TRUST

NAME	POSITION
Adam Matthews	Chief Executive Officer
Justin Harvey-Bennett	MAT Trustee
Lynn Winter	MAT Head of Operations

DRAFT

## APPENDIX B

### ESFA MAT REPORTING SCHEDULE

The following schedule is published in the ESFA Academies Financial Handbook:

Budget forecast	The document by which an academy trust notifies the ESFA of its budget for the forthcoming academic year.
Annual accounts	<p>A statutory requirement for all academy trusts. Properly called financial statements.</p> <p>These need to be completed to a 31 August year-end, submitted to the ESFA no later than 31 December, and published on the trust's website by 31 May.</p>
Accounts return	<p>A return of key financial information in spread sheet format based on academy trusts' annual accounts, to be used for consolidation of trusts' accounts into the ESFA's accounts and for the collection of benchmarking data.</p> <p>The ESFA will collect these returns from academy trusts in scope in a format, and by a date, to be notified. The Accounts Return replaces the Consistent Financial Reporting (CFR) return for maintained MATs.</p>
Budget forecast outturn (BFRO)	Submitted in May each year
Budget forecast return (BFR)	<p>Submitted in July each year. A multi-academy trust (MAT) preparing aggregated financial statements comprising more than one academy must submit a consolidated BFR and BFRO aggregating the budgets of each of its academies.</p> <p>If a new academy joins the MAT on or after the July BFR deadline but before the subsequent May BFRO deadline, a separate return for that academy is required.</p>
Financial Management and Governance Self-assessment (FMGS)	<p>A checklist for completion and return to the ESFA by a notified date, by new academy trusts that are not yet preparing financial statements and not yet subject to a regularity audit.</p> <p>The return asks MATs to self-assess their financial management arrangements in several specified areas.</p>
Land and building collection tool (LBCT)	The deadline for submitting the LBCT is 31 October.

The MAT will publish an annual timetable for reporting under these categories which will enable the consolidation of financial information from all constituents by the due date.

In addition, the MAT will provide termly Budget Monitoring returns annotated as described in section 4.4

## APPENDIX C

### EMPLOYMENT STATUS - EMPLOYED OR SELF-EMPLOYED?

The following guidance applies to payments to individuals or sole traders.

It does **not** apply:

- where payment is to organisations - limited companies, partnerships, charities, trusts, clubs, public sector bodies etc - normal purchasing processes apply;
- where individuals are appointed as "office" holders under statutory requirements for example MAT Improvement Partners, National Challenge Advisors or similar roles. These individuals must be paid via payroll even if they have their own limited company;
- entertainers, musicians, actors – special rules apply; please check with the MAT Finance Team.

### GUIDANCE FOR THOSE ENGAGING INDIVIDUALS Why is employment status important?

Whenever a MAT engages the services of an individual, HM Revenue and Customs (HMRC) requires that a decision is made regarding their 'employment status', i.e. whether the individual should be treated as self-employed or as an employee. Naturally, this has implications for any payments the MAT makes. In particular, when it is determined that the individual is to be regarded as an employee, deduction of income tax and national insurance is made from payments through the payroll system. This is obviously the case for staff with a contract of employment, but it does also apply to other people who undertake work for the MAT without such a contract.

HMRC are very clear that an assumption of self-employment cannot be made, even where the individual has been treated as self-employed previously. The following quotes are taken from their web site:

"It is a general requirement that those wishing to take on workers consider the terms and conditions of a particular engagement to determine whether the worker is an employee or self-employed."

"Just because a worker is self-employed in one job, doesn't necessarily mean he or she will be self-employed in another job."

Deciding whether an individual can be treated as self-employed or not is sometimes contentious, particularly with the individual concerned, who may regard a previous decision of self-employment as sufficient to support similar treatment on subsequent engagements. However, the following points are useful to bear in mind:

- It is the responsibility of the employer and not the individual to ensure that appropriate tax and National Insurance (NI) deductions are made.
- If an individual is treated as self-employed and HMRC discover, when auditing, that this is an error the MAT would become liable for the tax and NI that should have been deducted. Dependent on the extent of any transgression, fines and interest could also be imposed. If a person is treated as self-employed and the decision is later reversed, it is very difficult to then recover the tax and NI that should have been deducted. However, if a person is treated as employed and this decision is reversed, it is relatively simple to refund the tax and NI.

### What do I need to do?

The following advice applies whenever you are considering engaging an individual, except:

- where the engagement will be through the normal recruitment process;

- where the individual is to be involved in work of a construction nature and has a valid Construction Industry Scheme (CIS) registration – normal purchasing procedures apply

In all other cases, these are the steps you should take:

Before you engage someone:

- Consider the usual standing orders and financial regulations. The MAT Finance Team can provide more information in relation to this;
- Make sure you have a defined contract or service level agreement prepared prior to the engagement that will govern the work that will be undertaken and include the requirements for Public Liability Insurance. This will help to make sure there is agreement on what is required, but it will also help to determine whether the work is to be treated as employment or not.

Once you have decided on your intention to engage an individual:

- Make sure you inform the individual you are engaging that you must complete the employment status process. You may wish to use the Employment Status Questionnaire (ESQ) which you will need their help to complete and both of you are required to sign it. This will provide you with most of the information you will need to use the HMRC on-line employment status indicator tool. They must also be told that completion of the questionnaire is no guarantee of self-employment status.

If the employment status has been determined as:

- **self-employment**- you can follow your usual purchasing process. If applicable, future payments to this individual for the same kind of work would also be paid without deductions. If the engagement changes or becomes on-going it is likely that the status will change to that of employee.
- **employee**- you should go through the normal recruitment processes subject to the usual budget and establishment requirements. Payment will be made via payroll with the deduction of tax and NI.

#### **What if the individual is unhappy with our decision?**

- It is important to note that this process has been developed in line with HMRC guidelines, and that a similar process is in place in all MATs and local authorities (indeed all organisations should work on this basis). You must impress on the individual that it is not an optional activity.
- If the individual disagrees with the decision, ask them to write to a nominated person at the MAT giving their reasons for disagreeing, and ask them to include any supporting evidence that did not form part of the original questionnaire.

#### **Where can I find out more?**

HMRC guidance on employment status can be found at [www.hmrc.gov.uk/calcs/esi.htm](http://www.hmrc.gov.uk/calcs/esi.htm)

## APPENDIX D

### REGISTER OF BUSINESS AND PERSONAL INTERESTS

NAME \_\_\_\_\_

POSITION \_\_\_\_\_

The Board of Trustees should establish a register of business and personal interests of the Members, Board of Trustees, Local Governing Body (LGB) Members and staff, which should be open to inspection. Members, Trustees, LGB members, Heads of School and any other staff should declare any links they have with local companies from which the MAT may wish to buy goods or services. It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from any decisions that they make.

*(Please tick the appropriate box and complete details below if applicable)*

\_\_\_\_\_

I have read and understood the guidance above and:

I declare that I have no business or personal interests that would conflict with my work in school or influence any decisions I make. I will inform the Board of Trustees immediately should this change in the future.

I declare that I have a business or personal interest that could conflict with my work in the MAT, details of which are provided below.

NAME OF COMPANY/SUPPLIER WITH WHOM I HAVE AN INTEREST	TYPE OF BUSINESS / INTEREST	RELATIONSHIP

#### DETAILS OF BUSINESS OR PERSONAL INTEREST

NAME \_\_\_\_\_

SIGNED \_\_\_\_\_ DATE \_\_\_\_\_

## ELAN ANNUAL FINANCIAL SCHEDULE

Annual Financial Reporting Timetable Return Name	Content	Reason/Benefit	Due Date
Academies Budget Forecast	Budget projections	Provide assurance to governors and ESFA that the MAT will be in good financial health for the year Submitted in July each year.	
Land & Building collection Tool		This information enables ESFA to report full information on the land and buildings held across the sector in the sector annual report and accounts (SARA)	31 October
Financial Statements	Board report and annual accounts for the period ending 31 August	Statutory requirement under the Companies Act 2006 and Charity Commission's Statement of Recommended Practice. These need to be completed to a 31 August year-end,	ESFA by 31 December On Trust website by 31 May
Abbreviated Account Returns	Summary income and expenditure account and balance sheet information	Provide data in a consistent form to ESFA to allow monitoring of financial health and benchmarking	By 31 December
Financial Management and Governance Evaluation Return (FMGS)	Self-assessment of the arrangements in place	Provide assurance to the board that they are meeting their statutory requirements and their responsibilities in the funding agreement	By 31 December
Accounts return	The accounts return is different to academies' financial statements,	DfE will use the information provided in the accounts return to prepare the sector annual report and accounts (SARA)	January?
Budget forecast outturn (BFRO) & Budget forecast return (BFR)		A multi-academy trust (MAT) preparing aggregated financial statements comprising more than one academy must submit a consolidated BFR and BFRO aggregating the budgets of each of its academies. If a new academy joins the MAT on or after the July BFR deadline but before the subsequent May BFRO deadline, a separate return for that academy is required	BFRO May BFR July
Publish confirmed formula allocation	ESFA		March
Finalise staffing and other budgets, assemble final income and expenditure budget, capital expenditure budget, and supporting commentary	Finance team		June
Submit budget to Board/CEO for approval			June
Approve budget	Board/CEO		June/July
Notify HT's of budget allocation	Finance Managers		July/August
Load and fix budgets (including allocations for specific funds)	Finance Managers		August

<b>into Finance System</b>			
<b>Analysis of current year financial performance and latest forecast</b>	Finance team	Provide assurance to governors that budget and spending is on track	By last week of Term 1, 2, 3, 4, 5 and 6
<b>Identify new issues arising in budget year</b>	Finance team/HT	Provide assurance to governors that budget and spending is on track	By last week of Term 1, 2, 3, 4,5 and 6
<b>Assemble provisional budget bids including staffing</b>	Finance team/HT	Provide governors and management with information to ensure that the school can undertake plans whilst setting a balanced budget	Term 3/4

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