

BMAT/ SMITHILLS SCHOOL

**Financial Policies,
Corporate Governance
and
Accounting
Procedures
Manual.**

Date approved by Trustees _____

Date of next review September 2021

Signed CHAIR_____

Introduction

This Academy Financial Policies, Procedures Manual is the financial handbook for the trustees and managers of Smithills School. Drawing on the overall financial requirements specified in Academy Funding Agreements agreed with the DFE, it provides detailed guidance on a wide range of financial management, funding and accounting issues, with appropriate Policies annexed.

The Financial Policies, Procedures and Corporate Governance Manual sets out the overall governance framework for the academy consistently in line with advice and guidance in the DFE Academies Financial Handbook (as updated with effect from 1st September 2020 and describes and defines the key systems and controls that are in place within the academy. In particular it describes and defines the following.

- An overview of the legal status of the academy
- The grants that the DFE makes available
- The financial reporting management arrangements of the academy.
- The budget reporting management arrangements of the academy.
- The accounting policies adopted by the Academy
- The authority levels within the governance and management of the academy
- Procurement rules.
- The financial systems and controls operating within the academy
- The format of the Annual Report including the trustees report
- The formal reporting timetable to the DFE and other regulatory bodies (e.g. companies house a).
- Corporate governance.
- Risk Management.

It is essential that the academy's systems operate properly to meet the requirements of the funding agreement with the DFE.

This manual expands upon the guidance published by the DFE and provides detailed information on the academy's accounting procedures. As such this manual should be read by all staff involved with financial systems.

Contents

1. An overview of the legal status of academies - Page 6

- 1.1 Regulatory Framework for Academies
- 1.2 Main Financial Requirements
- 1.3 Secretary of State disclosures – guarantees, land sales/purchase and staff severance payment rules

2. Corporate Governance - Page 9

- 2.1 Status, Obligations and Roles of the Members, Chair, Board of Trustees & Principal (AO)
- 2.2 Roles and Responsibilities – DFE and ESFA and Trustees
- 2.3 Roles and Responsibilities - Principal (as Senior Executive & Accounting Officer), Chief Financial Officer (CFO)
- 2.4 Board Responsibility - Executive Pay & Pay Gender equality

3. Grants that the DFE make available – Page 18

- 3.1 Introduction
- 3.2 General Annual
- 3.3 Devolved Formula Capital
- 3.4 Other Funding Streams

4. Financial Systems and Controls – Page 19

- 4.1 Key Standards
- 4.2 Internal Scrutiny – independent audit
- 4.3 Responsibilities of the Board of Trustees and School Leadership Team (SLT)
- 4.4 Organisation
- 4.5 The Board of Trustees
- 4.6 The Risk And Audit Committee and Internal Scrutiny
- 4.7 The Resources & Finance Committee
- 4.8 The Principal
- 4.9 The Business Director & Chief Financial Officer
- 4.10 The Sport Centre Manager
- 4.11 Other staff with financial responsibility
- 4.12 Register of Pecuniary Interest

5. Control Principles – Page 25

- 5.1 Segregation of Duties - overview
- 5.2 Safeguarding of Assets
- 5.3 Asset Registers
- 5.4 Disposal of Fixed Assets

6. Financial Reporting – Page 28

- 6.1 Regular Financial Reporting
- 6.2 Budget Forecasting
- 6.3 Audit
- 6.4 Documentation of Systems
- 6.5 Whistleblowing

7. Accounting Systems – Page 29

- 7.1 Accounting Systems
- 7.2 Cash, Banking, Petty Cash and Safe Limits
- 7.3 Payroll.

- 7.4 Staff Appointments
- 7.5 Payroll Administration and Payment
- 7.6 Purchases
- 7.7 Sales Ledger
- 7.8 Related Party transactions
- 7.9 Income
- 7.10 On-Line banking – Wisepay
- 7.11 Re-Val Machines
- 7.12 Fees and Charges
- 7.13 Cash-flow

8. Procurement Rules and Authorisation levels – Page 36

- 8.1 Introduction
- 8.2 Probity – including acceptance of gifts
- 8.3 How Purchases can be made
- 8.4 Capital Expenditure
- 8.5 Purchase Ordering
- 8.6 Vetting a new Supplier
- 8.7 Change of payee bank details
- 8.8 Purchase Orders
- 8.9 Credit Card Purchases
- 8.10 Expenses –inc Mileage Claims
- 8.11 Subsistence
- 8.12 Scheme of Delegation - Authority Levels
- 8.13 Quotation and Tendering
- 8.14 Routine Purchasing
- 8.15 Tendering – purchases above £50K

9 Budget reporting and Financial Planning – Page 49

- 9.1 Financial Management
- 9.2 Financial Planning
- 9.3 Development Planning
- 9.4 Budget Setting – preparation
- 9.5 Budget Approval
- 9.6 Dissemination and Control
- 9.7 Reporting the Budget to the DFE

10 Financial Reporting and management arrangement – Page 53

- 10.1 Budget Monitoring – Management Team and Trustees' Responsibilities
- 10.2 Special payment disclosure

11 Accounting Policies – Page 54

- 11.1 Format of Financial Statements
- 11.2 Basis of accounting
- 11.3. Incoming resources
- 11.4 Resources expended
- 11.5 Fund accounting
- 11.6 Tangible Fixed Assets & Security of Assets
- 11.7 Depreciation
- 11.8 Investments
- 11.9 Stock

12 Annual Audit and Accounts – Page 57

12.1 Introduction

12.2 Audit Requirements.

12.3 Statutory Audit

12.4 Account Officer's Statement

12.5 Regularity Audit

12.6 Financial Management Review

12.7 Internal audit, the Responsible officer and Nominated Trustee

13 Reporting Timetable to Governing and Regulatory Bodies – Page 59

13.1 Financial reporting timetable

14. VAT – Page 59

14.1 Introduction

14.2 Procedure

15. Investment – Page 60

16. Fraud – Page 60

17. Risk Management – Page 60

18. Insurance – Page 60

19. Computer Systems – Page 61

20 Charitable Donations by the academy – Page 61

APPENDICES

1. Trust and Governing Board Procedures, Committees, Terms of Reference & Delegation Structures
 - Risk and Audit Committee
 - Pay Committee
 - Resources & Finance Committee
 - Standards Committee
 - Sport Centre Committee
 - Staff Appeals inc Grievance and Dismissal Committee
 - Complaints Committee
 - Nominated Trustee Remit
2. Value For Money – August 31st Statement
3. Organisational Chart
4. Lettings Policy
5. Anti-Fraud and Corruption Policy
6. BACS Authorisation Mandate
7. Credit Control Policy
8. Blank Purchase Order
9. Credit Card Policy
10. Blank Mileage Form
11. Procurement and Tendering Policy
12. School Development Plan/School Evaluation Form
13. Computer Back-up and Security Procedure
14. Meeting Schedule
15. Definitions and further sources of information

1. Overview of the legal status of academies.

1.1 Regulatory Framework for Academies

The **Education Act 1996**, as amended by the Learning and Skills Act 2000 and the Education Act 2011, established academies as independent schools.

Academies have been constituted as exempt charitable companies limited by guarantee. This means that they must comply with:

company law as set out in the Companies Act 2006 (and subsequent Acts);

charity law in particular the *Statement of Recommended Practice (SORP) - Accounting and Reporting by Charities*, as revised in March 2015.

Namely to

- Act within their powers
- Promote the success of the company
- Exercise independent judgement
- Exercise reasonable care, skill and diligence
- Avoid conflicts of interest
- Not accept benefits from third parties: and
- Declare interest in proposed transactions or arrangements

Company and charity law brings a key requirement, in the context of financial management, that academies must prepare and publish a governors'/trustees report and audited accounts in a prescribed format on an annual basis.

Academies are also subject to a **DFE Funding Agreement** which is, in effect, a contract between the academy trust and the Secretary of State for Education and Skills setting out the arrangements to be followed as a condition of receiving grant from the DFE. One of these conditions is that academies comply with the provisions within the **Financial Handbook as updated from 1st September 2019**.

The guidance, contained in the Financial Handbook, aims to set a balance that will satisfy the Departments monitoring needs, the Companies Act and charity requirements, without imposing unnecessary administrative burdens on governing bodies. The overall aim is to ensure that there is, and is seen to be, effective use of public funds and that the mechanisms are in place to ensure accountability for their use. Trustees should follow guidance in the Governance Handbook.

1.2 Main Financial Requirements

The MAT **MUST** take full control of the trusts financial affairs and under its financial agreement with the ESFA, the main conditions and requirements of the grant are:

Financial Systems

- Financial controls must conform with the requirements of both propriety and good financial management and have rigorous procedures for preparing and monitoring financial plans.

- Proper accounting records must be maintained that deliver effective operational controls.
- Maintain a system of internal scrutiny to remain compliant including GDPR requirements.
- Trustees must ensure regularity and propriety and achieve ECONOMY, EFFICIENCY and EFFECTIVENESS, three key elements of Value for Money.

Budgeting

- The Academy must prepare annually a balanced budget which has been approved by the governing body;
- A final budget for the coming financial year must be submitted to the Department by the preceding 31st July.**

*** Should the ESFA not receive the information it requires, or the information is not of an acceptable quality, the ESFA may arrange for the work to be done and deduct the cost from GAG funding.*

Annual Accounts and Audit

- Annual financial statements must be prepared for each period ending 31 August and independently audited by a independent registered auditor;
- The financial statements must record the academy's accounting policies which must be approved by the governing body;
- The audited financial statements and accounting policies must be submitted to the Secretary of State by 31 December following the end of the period;
- The audited financial statements must be published as required by the Companies Act and must be filed with Companies House by 31 May.
- The Annual Accounts Return (AAR) for the department must also be completed, audited and submitted to the department by December 31st each year.

Insurance

- The Board of Trustees must ensure the academy has adequate insurance cover to support its activities and to comply with statutory requirements.
- Insurance should be subject to risk assessment to determine whether the policy concerned would represent value for money.

1.3 Borrowing & Secretary of State approval

The Secretary of State normal policy is that academies should not be granted permission for borrowing;

The Secretary of State Prior Approval is required in the following circumstances

- for any guarantees, indemnities and letters of comfort entered into;
- for any freehold sales or purchases of land or buildings
- for the grant of any leasehold or tenancy regardless of the length.
- for the take up of any leasehold or tenancy agreement for more than 3 years.
- The Academy may perform the following financial transactions up to the limits set out below: writing off debts and losses (including any uncollected fines); entering into guarantees, indemnities or letters of comfort (excluding those relating to borrowing by the Academy). The limits are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction.
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any Academy that has not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements.
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for any Academy that have submitted timely, unqualified financial returns for the previous two financial years.

Beyond these limits the Academy must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction.

Staff severance payments and compensation payments

When considering making a staff severance payment above the contractual entitlement, the academy must consider the following issues:

- Whether such a payment is justified, based on a legal assessment of the chances of the Academy successfully defending the case at tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement.
- If the settlement is justified, the Academy 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.

Special severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the former case would be where the claimant will win an Employment Tribunal claim because of employment law procedural errors. In the latter, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures. ESFA Academies Financial Handbook - September 2019.

If Smithills is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of the control systems; and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.

- Where the Academy is considering making a special staff severance payment or compensation payment above the contractual entitlement of £50,000 or more, prior approval will need to be sought from HM Treasury, via the ESFA contact at the earliest opportunity to discuss before any such payment can be made.
- The school must disclose individually any non-statutory/non contractual staff severance payments of any value in their audited annual accounts.

2. Corporate Governance

2.1 Status and Obligations of the Members and Board of Trustees.

Members

Bolton Multi Academy Trust comprises of 3 members (where are least one must not be a trustee or local governor). Members can, by special resolution appoint or remove additional members or trustees. Members oversee the objectives of the Trust and must remain informed about trust business. They take part in annual and extra-ordinary general meetings, receive accounts and approve fundamental changes to the trust such as changes to the memorandum, and articles, adding schools, structure change, scheme of delegation change and closing the trust. Members must not be employees or occupy an unpaid staff role.

The BMAT Governing Body - Trustees

Smithills is governed by a trustee board constituted under a Memorandum of Association and Articles of Association. Aligned to the **Governance Handbook**, the governing body must ensure the highest standards of corporate governance are maintained and that the trust is maintained as a going concern.

The board of trustees comprises of 9 persons, also holding the title of Directors in respect to their Companies house responsibilities. The Chair of the Trust is elected annually from the board of trustees.

The board of trustees has appointed a specialist clerk to the board - currently under a Service Level Agreement with provision by the local authority. Their duty is to ensure compliance and that the Register of Pecuniary Interests is maintained.

The trustees should focus on 3 core functions

- Clarity of vision, ethos and strategic direction
- Holding executive leaders to account
- Overseeing and ensuring effective financial performance.

It should exercise its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the academy, addressing such matters as:

- **policy development and strategic planning**, including target-setting to keep up momentum on school improvement;
- ensuring **sound management and administration** of the academy, and ensuring that managers are equipped with relevant skills and guidance;
- ensuring compliance with **legal requirements**;
- establishing and maintaining a transparent system of prudent and **effective internal controls**;
- management of the academies financial, human and other **resources** (in particular control over the spending identified in the academies development plan);
- **monitoring performance** and the achievement of objectives, and ensuring that plans for improvement are acted upon;
- **accountability** – to drive up educational standards and financial

performance.

- **Ensuring trustees and staff have the right skills, experience and qualities**
- helping the academy be **responsive to the needs of parents and the community** and making it more accountable through consultation and reporting;
- setting the academies **standards of conduct and values**;
- assessing and managing **risk** (including preparation of a statement on the academies risk management for its annual report and accounts).

The board of trustees also has a duty to take appropriate action when there are weaknesses in the academy.

Principal – appointment

The board of trustees must appoint a **Principal** to the academy who can also act as a trustee. With delegated powers, the Principal is responsible for the delivery of the vision and strategy and held accountable for the performance of the academy, including internal organisation, management and day to day control of the academy, the implementation of all policies approved by the trustees and for the direction of teaching and the curriculum. Under the current Scheme of Delegation, the board of trustees consists of 9 members. Employees are NOT allowed to be members and are not allowed to be Trustees unless permitted by the articles of association.

Obligations of Trustees

Trustees have full responsibility for the charity and must:

- act together and in person and not delegate control of the charity to others;
- align this document with the Governance Handbook and act strictly in accordance with the academies governing documents;
- act in the academies interests only and without regard to their own private interests;
- manage the academies affairs prudently throughout the life of the academy;
- must ensure regularity and probity in the use of trust funds and achieve **ECONOMY, EFFICIENCY and EFFECTIVENESS** – the 3 elements of Value for Money.
- appoint the trust's auditors and have powers to appoint and remove trustees/change company name/wind up the academy trust
- not derive any personal benefit or gain from the academy of which they are trustees; and
- take proper professional advice on matters on which they are not themselves competent.
- identify the key governance skills needed and address any gaps in those skills through recruitment or training. See [the Competency Framework for Governance](#)
- publicise the trusts governance arrangements on the trust website as well as on the Scheme of Delegation. (SoD)
- notify the DfE via the Edubase Portal of any appointments and resignations of members, trustees. accounting officer, chief financial officers, chairs of the trust **WITHIN 14 DAYS**.

With regards to financial matters the Board of Trustees of the Academy must appoint a 'non-rotating' Senior Executive Leader (currently the Principal, CEO and Accounting Officer) and ensure

- budget forecasts for the current year and beyond are compiled accurately based on realistic assumptions, especially pupil numbers.
- regularity and propriety;
- prudent and economical administration;
- avoidance of waste and extravagance;
- value for money through the efficient, effective and economic use of available resources; and
- effective day to day organisation, staffing and management.

That the ESFA 'Dear Accounting Officer' letters are read by all those involved in making decisions on behalf of the trust as well as the latest Financial Handbook, including Annex C and B.

Chair of Trustees

The Chair is responsible for ensuring the effective functioning of the board and for setting the professional standards of governance and accountability for the board.

Annually, the Chair will review the board's composition in terms of skills, effectiveness, leadership and impact. The Governance handbook identified training material and contains an annual competency framework to help trustees develop and engage fully in their role.

Accounting Officer

The board must also appoint a named individual as its **ACCOUNTING OFFICER**. At Smithills, the BMAT has appointed the Principal as Accounting Officer. This role does not rotate and the post holder is required to be an employee.

Such public office holders **MUST** adhere to the seven principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

In managing the academy's finances trustees must:

- manage its cash position robustly
- ensure rigour and scrutiny in budget management
- measure financial KPI's against performance regularly including analysis in the annual trustees' report.
- ensure accurate preparation of management accounts every month setting out its financial performance and position with sufficient information to manage cash, debtors and creditors.
- make sure that bank accounts, financial systems and financial records are operated by more than one person;
- make sure that all the academy's property is under the control of the trustees;
- keep full and accurate accounting records, monitored through-out the year; and
- prepare accruals accounts giving a true and fair view of the academy's incoming resources and application of resources at the year end.

In applying the academies income trustees must spend it solely for the purposes set out in the academies governing documents and spend it with absolute fairness between persons qualified to benefit from the charity.

Conduct of Trustees. Trustees' should maintain a register to record hospitality and gifts received through the Clerk to the Governors. This should record, as a minimum, the name of the organisation that gave the hospitality/gift, the date it was received, its nature and approximate value.

Declarations of Business Interests

All members of the board of trustees are required to complete a declaration of their own and related persons business interests. The Accounting Officer/Principal and other senior staff must also complete declarations of the same nature. This information is required to be published annually on the website.

Where a trustee or member of staff or related person has any interest, either pecuniary or non-pecuniary, in a matter to be discussed at a trustees' meeting the trustee or member of staff must declare their interest and withdraw from that part of the meeting.

As good practice, monthly/termly meetings of trustees and senior managers shall include a standing agenda item for attendees to declare any changes to their declarations of interests.

Payments to Trustees

It is illegal for trustees to receive any remuneration for their work as trustees, other than payment of all reasonable out of pocket travel, accommodation or other expenses legitimately incurred by them in connection with their attendance at meetings acting in the capacity of trustee of the academy.

However, subject to conditions, payment of trustees for the usual professional charges for business undertaken by any trustee who is a solicitor, accountant or other person engaged in a profession, or by any partner or connected person of his or hers, when instructed by the governing body to act in a professional capacity on behalf of the academy may be permissible.

Trustees' Meetings

The Full Trust board meets four times a year including the AGM at a strategic leadership level. To ensure high standards of corporate governance, key areas are delegated to trustee sub-committees – Risk and Audit, Standards, Resources and Finance and Pay. The board retains the right to create additional committees to deal with specific issues that may arise.

Whilst the Financial Handbook requires six meetings a year, BMAT addresses this requirement by having the following trustee sub-committees.

The Risk And Audit Committee meets three times a year and feeds directly to the Full Trust Meetings. It advises the Full Board on the annual and long term audit programme including the effectiveness of internal control and risk management including audit reports.

The Standards Committee meets three times a year and reports to the full trust on the curriculum provision, including teaching and learning, progress, inclusion and attendance

The Resources & Finances Committee meets three times a year and reports to the full trust on personnel matters, financial matters and premises and buildings matters. No business can be conducted at any meeting unless a quorum is present. A quorum will consist of three trustees. (those with full voting rights)

Trustees will appoint a clerk to the governing body, who is to be someone other than a trustee or the principal of the academy. This post shall normally be filled by a third party skilled specialist – currently Bolton LA SLA

Meeting a minimum of once per term the trustee body Resources & Finance Committee) will consider:

- A report of the financial position of the Academy, to ensure effective monitoring of all its public and private funds – reviewing income and expenditure and financial commitments. Further ensuring school operates within set Financial Regulations and files accounts annually in line with the Companies Act/statutory legislation.
- Whether adequate financial monitoring of the Academies budget and activities is being undertaken, establishing a 3-year plan formulated from the School Development Plan
- Progress on any action identified to improve financial arrangements at the Academy;
- How effectively the budget supports the School Development Plan
- Significant contracts proposed to be entered into by the academy;
- Details of any significant matters affecting the Academies staff, pupil welfare or education including pay policy, review and performance management.
- To review the efficiency and effectiveness of services from external providers including internal scrutiny reports and annual statutory maintenance.
- To review the efficiency of the Sport Centre (community use) and any other internally generated funding – i.e. External/Internal Catering.
- To provide guidance in matters relating to premises and physical resources, approving spend/award contracts in line with the relevant operational financial limits
- To review relevant policies and ensure appropriate Business Continuity Plan, Lockdown Procedure and Emergency Procedures are in place
- Taking into account the Building Condition Survey, review priorities for maintenance and development of the school premises and grounds, including Sport Centre
- Ensure that appropriate Health and Safety policies are in place and reviewed as required and that school complies with Health and Safety Regulations.
- Details of any significant matters affecting the Academies assets e.g. I.T, fabric of the building etc.
- Premises, Health and Safety minutes/resume.

On an annual basis the trustees shall consider the following:

- the academies goals and how they are being met;
- review of the management structure to ensure it is operating effectively;
- review of the performance of external providers e.g. bankers, services provided under SLAs;
- review and approval of the academies annual accounts and report of the trustees;
- review and approval of the financial budget for the following year;
- ensure appropriate policies are in place and reviewed as necessary, with procedures duly followed
- to ensure and up to date asset register is maintained, with annual inventory
- review and approval of the levels of insurance cover for the academies assets;
- findings made by the auditors and the auditors management letter, and any other financial reviews, and consideration of what actions should be taken arising from their recommendations;
- a review of the risks to which the academy is exposed and determination of whether systems are in place to mitigate those risks.

BMAT Trustees will focus on three core functions of governance - clarity of vision, ethos and strategic direction, holding executive leaders to account for the educational performance of the organisation and its pupils and performance management of staff and over-seeing and ensuring effective financial performance. Once per annum the Trust will convene an annual general meeting of its Members and Trustees to consider the following:

- To receive the annual accounts and trustees report
- To receive the Auditors report
- To elect new Trustees/Members as appropriate
- To appoint the auditors for the coming twelve months.
- To take appropriate action in response to any audit findings

Scheme of Delegation (SoD)

The board of trustees has established specific committees in order to deal with the detailed aspects of academy business. The delegated responsibilities assigned to each committee are detailed in **Appendix 1 – Full Trust Board Procedures, Committees, Terms of Reference and Delegation Structures.**

- **Appendix 1 - Risk and Audit Management Committee Terms of Reference & Delegation Structure**
- **Appendix 1 - Standards Committee – Curriculum Terms of Reference**
- **Appendix 1 - Resource & Finance Committee Terms of Reference, with summary of key financial limits, & Sport Centre Committee Terms of Reference**

To ensure that matters can be dealt with in appropriate detail and with sufficient frequency, there are additional sub-committees that will meet 'as and when' required. Additionally, there are a number of trustees who have a Nominated link with departments within school, mainly curriculum areas, but extending to safeguarding, community cohesion etc and health and safety/risk management.

Appendix 1 – Pay Committee**Appendix 1 – Appeals Committees inc Grievance and Dismissal– Terms of Reference****Appendix 1 – Complaints Committee – Terms of Reference****Appendix 1 – Pupil Discipline Committee – Terms of Reference****Appendix 1 – Nominated Trustee – Remit**

The Chair of Resources & Finance– will visit the Finance Office regularly to review systems and risks to financial control. A critical friend to the Business Director, the Chair will consider the proposed budget, its strategic content and how the current budget is reflecting actual spend in line with the School Development Plan and supporting Self Evaluation Form. The Chair will bring any items of concern to the Resources & Finance Committee and feedback to the Board of Trustees.

The Nominated Trustee for H&S/Risk Management will attend at least one H&S Safety meeting per term and produce a termly management “risk report” for submission to the Resources & Finance Committee to consider - which demonstrates the results of the risk assessment process in place. The report will include any H&S issues raised from the fortnightly meeting of the Premises, Health and Safety Working Party, a summary of points arising from any assessments received – e.g. Fire Risk Assessment, H&S Audit report etc and an update of current works in progress.

The Nominated trustee will also ensure that annually the Business Continuity and Emergency Procedure Policies, along with all other relevant policies considered at the Health and Safety Meeting are reviewed and brought to the Resources Committee for approval.

Transparent Governance

The Trust must be transparent with its governance arrangements and provide details of its governance arrangements in the governance statement published with its annual accounts. Member and Trustee details must also be uploaded to the DfE’s Get Information about Schools (GIAS), with any amendments uploaded within 14 days.

The Board must also publish on its web site up to date details of its governance arrangements including

- The structure and remit of the members, board of trustees and the committees
- Full names of the chair of each.
- Full names, date of appointment, date stepped down and relevant business and pecuniary interests of each member including governance roles in other educational institutions.
- Full names, date of appointment, who appointed them, term of office, date stepped down and relevant business and pecuniary interests of each trustee (and Accounting Officer) including governance roles in other educational institutions.
- For each trustee – attendance records at board and committee meetings over the last academic year
-

2.2 Roles and responsibilities as defined in the Financial Handbook - DfE, ESFA and Trustees

Responsibilities of the Department for Education

The Department for Education (DfE) has ultimate responsibility and accountability for the effectiveness of the financial accountability system for academies. In particular, the DfE is responsible for ensuring there is an adequate framework in place to provide assurance that all resources are managed in an effective and proper manner and that value for money is secured.

Responsibilities of the ESFA

The ESFA acts as the agent of the Secretary of State within the scope of the powers and discretions formally delegated to it. The Chief Executive of the ESFA has been designated as its accounting officer. The ESFA accounting officer is responsible and accountable to Parliament for how the ESFA uses its funds. The ESFA accounting officer is also personally responsible for the regularity and propriety of all expenditure of its funds and for ensuring value for money in how they are used. To discharge these duties, the ESFA accounting officer must be satisfied that an Academy has appropriate arrangements for sound governance, financial management, securing value for money and accounting; and that the way the Academy uses public funds is consistent with the purposes for which the funds were voted by Parliament.

Responsibilities of Trustees of the Academy Trust

The Board of Trustees of the Academy have wide responsibilities under statute and regulations, charity law and the Finance Agreement (FA), which are not repeated in detail here. However, it is specifically responsible for ensuring that the Academies funds are used only in accordance with: the law; the boards powers under the FA (including the Academies Articles of Association which set out the powers of the Academy and its governance arrangements); and this Handbook.

The Board of Trustees has wide discretion over its use of the Academies funds. It is ultimately responsible for the proper stewardship of those funds and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money. It must also ensure that it uses its discretion reasonably, and takes into account any and all relevant guidance on accountability or propriety.

Legally, Academies are companies limited by guarantee and, under the terms of the Academies Act 2010, exempt charities. Most academy trustees, therefore, are subject to the duties and responsibilities of charitable trustees and company directors (i.e. unless any trustees are not also trustees or directors), as well as any other conditions that the Secretary of State may require. These responsibilities are mutually reinforcing and are there to ensure the proper governance and conduct of the Academy. The key requirements are reflected in the Financial Agreement (including the articles) and this Handbook, but the Academy should be aware of the Charity Commission guidance for academies in [Academy Schools: guidance on their regulation as charities](#) and two guidance notes which are relevant for academy trustees. These guidance notes are [CC3: The Essential Trustee - What You Need to Know](#) and [CC8 - Internal Financial Controls for Charities](#).

The Members and the Board of Trustees of the Academy should also be aware of the statutory duties of company directors, which are set out in the Companies Act and include the duties to: Academies Financial Handbook - September 2019.

The Financial Agreement sets out the respective responsibilities of the Board of Trustees and the Accounting Officer of the Academy. The Accounting Officer must take personal responsibility (which must not be delegated) for assuring the board that there is compliance with the Handbook, the FA and all relevant aspects of company and charitable law.

2.3. Roles and Responsibilities - Principal (Senior Executive and Accounting Officer, (AO)) & Chief Financial Officer

The Academy must designate a named individual as its Accounting Officer. In Smithills school, comprising a single school, this is the Principal. The Principal has personal responsibility, under the Board of the Academies guidance, for overall organisation and financial management. The Principal, as senior executive takes day to day responsibility that staffing, procedures in finance and other matters including conduct and discipline are in place and ensures bank accounts, financial systems and records, including the fixed asset register, are operated by more than one person and contain a full and accurate accounting record.

The Accounting Officer is personally responsible to Parliament and to the Accounting Officer of the ESFA for the resources under their control. The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; for ensuring value for money; and for the efficient and effective use of all the resources in their charge. Essentially Accounting Officers must be able to assure Parliament and the public of high standards of probity in the management of public funds.

Academy Accounting Officers are no longer required to write a separate 'VALUE FOR MONEY' statement – but must include a review of value for money in the accounts. This should focus on how resources spent have impacted positively the educational outcome – for example targeted intervention programme or collaboration. THREE EXAMPLES should be used – and should be issues that have had the greatest impact on the trust's use of resources.

See APPENDIX 2 for the 31st August statement. (or page 14 of the 2018-19 Financial Statement audited accounts)

This must be sent to the ESFA by 31st December and published on the Trusts website by the end of January following the financial year to which the statement relates.

The Accounting officer MUST also complete and sign a STATEMENT OF REGULARITY, PROPRIETY and COMPLAINTS annually for submission with the audited accounts

The Accounting Officer must advise the Board of Trustees in writing if, at any time, in his or her opinion, any action or policy under consideration by the governing body is incompatible with the terms of the Handbook or Financial Agreement. Similarly, the

Accounting Officer must advise the Board in writing if the Board appears to be failing to act where required to do so by the terms and conditions of the Handbook or FA.

Where the board of trustees is minded to proceed, despite the advice of the Accounting Officer, the Accounting Officer must consider the reasons the Board gives for its decision. If, after considering the reasons given by the board, the Accounting Officer still considers that the action proposed by the Board is in breach of the Handbook or FA, the Accounting Officer must advise in writing the ESFA Accounting Officer of the position.

More detailed guidance on the role of an Accounting Officer is set out in Chapter 3 of HM Treasury's Managing Public Money. HM Treasuries handbook, Regularity, Propriety and Value for Money describes what these concepts mean in a financial context.

The ESFA Accounting Officer will send a letter annually to the Academy Accounting Officer, with updates for new Accounting Officers, setting out their key responsibilities and highlighting any changes from previous years Academies Financial Handbook Sept 2018. This – and any other letters addressed to the Accounting Officer should be shared with other members of the SLT, Governors and Trustees.

Chief Financial Officer (CFO)

The CFO should be an employee and requires ESFA approval, if exceptionally, they are not. As well as having appropriate financial skills, the CFO is expected to maintain personal professional development.

2.4 Board Responsibility - Executive Pay & Pay Gender Equality

Executive Pay

The board **must** discharge its responsibilities effectively, ensuring its approach to pay is transparent, proportionate and justifiable, including:

- process - that the procedure for determining executive pay is agreed by the board in advance and documented. No individual can be involved in deciding his or her own remuneration.
- independence - decisions about executive pay reflect independent and objective scrutiny by the board and that conflicts of interest are avoided.
- decision-making - factors in determining pay are clear, including whether performance considerations, and the degree of challenge in the role, have been taken into account.
- proportionality – pay is defensible relative to the public sector market. The ESFA can challenge inappropriate pay.
- documentation - the rationale behind the decision-making process, including whether the level of pay reflects value for money, is recorded and retained.
- a basic presumption that non-teaching pay should not increase at a faster rate than that of teachers, in individual years and over the longer term.
- understanding that inappropriate pay can be challenged by ESFA, particularly in any instance of poor financial management of the trust.

- The trust must ensure senior employees payroll arrangements fully meet their tax obligations and are HM Treasury compliant.

The number of staff who have earnings over £100K are disclosed annually within the published accounts

The trust is reminded of the requirements under the Equality Act 2019 Regulations 2017 re the Gender Pay Gap.

3. Grants that the DFE make available

3.1 Introduction

The purpose of this section is to briefly outline the grants that are made available to the academy by the DFE. It is important for all those involved in financial matters are aware of where the funding comes from and what requirements are placed on the academy as a result.

DFE funding comprises the following

- General Annual Grant
- Devolved Formula Capital Grant
- CIF – Capital Improvement Fund – Not guaranteed funding. Bids submitted annually for assessment re urgent building repair. Most funding is awarded to projects that address building condition issues such as re-roofing. Submissions **must** be well prepared, with consultancy based specification/costings and other supporting evidence. **For further details see ‘Academy Conditions Improvement Fund’ ESFA, March 2019.**

3.2 General Annual Grant

Once the Academy is open its main recurrent funding will be the General Annual Grant (GAG) from the DFE. The GAG consists of the following elements

- **School Budget share** – based largely on pupil numbers, but with a minimum funding guarantee
- **Rates** – Payable to the LA at 20% of the total value. Claimed from the ESFA in March, paid June.

3.3 Devolved Formula Capital Grant

The devolved formula capital grant is to provide the funding necessary to develop the educational capacity of the academy. Paid on a per pupil basis.

It places an obligation upon the Academy to follow particular procurement rules as laid out in section 5 of this manual.

3.4 Other funding streams

SEN/High Needs & Looked After Children (LAC)- Local Authority holdback – intended to fund academies for functions that the local authority provides centrally for its own schools.

4. Financial Systems and Controls

4.1 Key Standards

The following key standards for financial administration guide the board of trustees in the development its financial arrangements.

Responsibilities - the responsibilities of the board of trustees and academy personnel should be clearly defined, documented and allocated.

Organisation - there should be a clear organisational structure with identified lines of reporting for all operations.

Control Principles - financial systems should include adequate controls to ensure transactions will be properly processed and that errors will be detected promptly.

Accounting System – the academy should make arrangements to maintain proper accounting records which should be appropriately protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.

Cash and Banking - the arrangements for cash handling and the operation of bank accounts should be properly controlled and bank balances should be regularly reconciled to accounting records.

Payroll - there should be efficient procedures for the administration of personnel matters including payroll.

Purchases - purchasing activities should be effectively controlled and designed to achieve the best value for money.

Income - all income due to the academy should be identified and all monies received should be receipted, recorded and banked promptly.

Assets - stock, stores and other assets should be recorded, and adequately safeguarded against loss or theft.

Computer Systems - information held on computer systems should be properly protected, regularly backed-up and access should be restricted to authorised personnel.

4.2 Internal Scrutiny

The governing body of the academy needs to consider how it monitors and checks the operation of the financial management arrangements that have been established and are operated by officers of the academy. To assist in this they shall appoint an independent external auditor to undertake termly internal scrutiny control checks and subsequently prepare a report for trustees. This check will be in addition to the appointment of annual auditors who will have specific responsibility for overseeing the financial arrangements on behalf of the trust. The name of the appointed annual auditors must be notified to the DFE **and will not be a company associated with the internal scrutiny process**. The trusts appointed annual auditors are currently Dains Ltd.

Annual audit is intended to provide an independent oversight of the academy's financial

affairs. The main duties are to provide the trustees with on-going independent assurance that:

- the financial responsibilities of the board of trustees are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained; and
- financial considerations are fully taken into account in reaching decisions.

At Smithills, the internal scrutiny duties shall be undertaken quarterly, by an appointed officer from an independent firm of Accountants – this appointment shall be reviewed annually by the Board of Trustees. A report of the findings from each visit will be presented to the Resources Committee and be available at year end to the appointed year-end auditors.

At year end, the appointed auditors – currently Dains Ltd, will undertake a programme of reviews to ensure that internal scrutiny and financial transactions have been properly processed and that controls are operating as laid down by the trustess

4.3 Responsibilities -The respective role of the Board of Trustees and the Senior Leadership Team (SLT)

It is the responsibility of the Trustees to determine the vision and the strategy of the Academy. The Board of Trustees consists of 9 members, appointed by the Trustees or Members.

The Board of Trustees is charged with ensuring that the business of the Academy is conducted in accordance with the principles laid down in the Articles and Memorandum of Association and with the strategic aims of the academy uppermost at all times.

The Board of Trustees also has the responsibility for supervising the work of the Principal and the management SLT executives.

The Clerk to the Governors is appointed by the Trustees and is part of the management executive.

The Board of Trustees meet termly. It has established a Audit and Risk Committee to evaluate systems and structures, and also a Standards Committee to evaluate the effectiveness of teaching and learning and a Resources & Finance Committee to evaluate the management of the Academies finances, premises, (including Health and Safety), resources and staffing. The Resources Committee incorporates the Sport Centre Committee.

The matters reserved to the Board of Trustees are outlined in this document. Before commencing or placing an order, Board approval is required where the contract value is reasonably estimated to be above £15,000 in value and at least three written quote should be obtained.

The Board must also approve vired fund transfers over £15,000.

For purchases over £50,000 trustees must advertise for application to tender in a local journal or amongst relevant trade professionals/trade journal. Tenders should be received in sealed envelopes and kept sealed until the closing date. Any purchases with

a contract value likely to exceed EU financial thresholds must be advertised in the OJEU (Official Journal of the European Union)

It is the responsibility of the management executive (SLT) to meet the strategic objectives of the Academy.

The Principal and the management executive (SLT) are responsible for conducting the business of the academy in accordance with the Academies rules and with regard to appropriate legislation and regulation that may be implemented from time to time.

The management executive meets regularly and reports to the Board of Trustees via the Principal. Day-to-day management of the academies activities, including teaching, rests with the Principal and the management executive (SLT).

Any novel, contentious or repercussive transactions – transactions out of the normal range of activities, those considered contentious or likely to cause pressure/have a financial implication on other trust MUST always be reported to the ESFA for approval, allowing sufficient time for such proposals to be considered prior to implementation.

The academy has defined the responsibilities of each person involved in the administration of the academies finances, to avoid the duplication, or omission of functions and to provide a framework of accountability for trustees and staff.

APPENDIX 3 - Smithills School Organisational Chart - SLT & financial structure

4.5 The Board of Trustees

The Board of Trustees has overall responsibility for the administration of the Academies finances. The main responsibilities are laid down in the funding agreement with the DFE and include.

- Ensuring that grants from the DFE are only used for the purposes intended.
- Ensuring that funds from sponsors are received in accordance with the academies funding agreement and are used only for the purposes intended.
- Approval of the annual budget
- Appointment of the Principal
- Appointment of the Business Director in conjunction with the Principal.
- A full understanding of any differences between budget income/expenditure against actuals – to ensure challenge and obtain coherent response from the chief financial officer during trust meetings.

4.6 The Risk and Audit Committee

The Risk and Audit Committee meets three times per year and reviews and directs the trust's programme of internal scrutiny and reports to the Full board on the adequacy of the trust's financial and other controls and management of risk.

Internal Scrutiny

The DfE now requires each academy trust to implement a programme of internal scrutiny to independently inform the executive management that its financial and other controls and risk management procedures are operating effectively. The latest scrutiny report will be required to accompany the year end audited accounts.

The committee is responsible for

- A programme of work annually to deliver internal scrutiny that provides coverage across the year.
- Reviewing the Risk register, ensuring checks are modified as appropriate
- Agree who will perform the work
- Appoint an external auditor to deliver internal scrutiny
- Consider reports at each meeting from those carrying out the work
- Consider progress in addressing recommendations
- Consider outputs from other assurance activities – funding audits, governance review, external audit reports etc

4.7 The Resources & Finance Committee

The Resources & Finance Committee is a sub- committee of the board of trustees and is responsible for considering the following financial controls

- The effectiveness of the regular management accounts and reporting of the academy
- The actual results against budget results and any mitigating actions to be recommended to the board.
- The initial review and authorisation of the annual budget.
- The review of the strategic forecast and 3 year budget
- The review and approval of the annual accounts and trustees report along with the annual audit and post-audit effectiveness review
- The effectiveness of financial controls and their amendment, addition to or improvement
- The management of Risk, Health & Safety and Premises
- That Smithills School complies with current H&S and other statutory legislation/ annual maintenance requirements.
- For purchases where the contract value is reasonably expected to be above £15,000 at least three written quotations must be obtained.
- Authorising capital spend and revenue purchases above £30,000 and authorising vired funds above £20,000.
- The effectiveness of Academy Financial Reporting Standards/Accounting Policies and their implementation
- The usage, efficiency and development of the school premises including external lettings and the Sports Centre
- Reviewing reports received from internal scrutiny on the effectiveness of the financial procedures and controls.

This list is by no means exhaustive and can be added to or amended as required.

4.8 The Principal

Within the framework of the Academy Development Plan as approved by the trustees the Principal has overall executive responsibility for the Academies activities including those of a financial nature. Much of the responsibility for has been delegated to the Business Director, but the Principal is still responsible for

- Approving the draft spending plan at strategic and operational level for

submission to the Resources & Finance Committee.

- Approving new staff appointments within the authorised establishment, except for any senior posts which the governing body have agreed should be approved by them.
- Authorising contracts within the agreed authorisation limits
- Approving orders within the agreed authorisation limits – purchases up to £30,000 in support of the school spending plan & vired funds up to £20,000.
- In the absence of the Principal, a Vice Principal may approve as above

4.9 The Business Director (& Chief Financial Officer)

The Business Director works in close collaboration with the Principal through whom they are responsible to the Trustees.

The Business Director also has direct access to the Board of Trustees through the Resources & Finance Committee.

The main responsibilities of the Business Director are

- Day to day management of financial issues including the establishment and operation of a suitable accounting system.
- Management of HR
- The management of the academy financial position at a strategic and operational level within the framework for financial control as determined by the governing body.
- Maintenance of an effective system of internal control
- Ensuring the annual accounts are properly presented and adequately supported by the underlying books and records of the academy.
- The preparation of monthly management accounts
- Signing cheques /approving BACS runs within agreed authorisations limits
- Authorising contracts within the agreed authorisation limits approved by the board of trustees
- Ensuring all statutory returns are made (including the DFE)
- In the absence of the Principle to sign purchase orders up to the value of £5000
- To line manage the site team and chair the Premises, Health and Safety Working Party Meetings and Sport Centre Committee, working with both the Site Manager and Sport Centre Manager to prioritise and co-ordinate effective short, medium and long term facility management to ensure a safe teaching and learning environment
- To line manage and work with the Catering Manager to promote and develop a school meal provision that is financially self-sustaining and that meets healthy school nutritional standards.
- To line manage and work with the I.T Manager to promote and develop an IT network fit for purpose which fully supports pupils and staff that is robust, secure and GDPR compliant.
- Strategic development of schools facilities/services.
- To act as Chief Finance Officer for the MAT

4.10 The Sport Centre Manager

Is responsible for placing orders in respect of the Community Sport Centre activities up

to a value of £3000 (the Deputy Centre Manager or Business Director can cover in the Centre Managers absence). Additionally, the Centre Manager is responsible for the lettings charges and income relating to all out of hours sporting activities.

APPENDIX 4 - Lettings Policy.

The Centre Manager will produce a termly report for the Sport Centre Committee. Spend up to £7,500 is approved in principle by the Sport Centre Committee. Spend above £7,500, if approved, is recommended by the committee to be ratified by the Resources & Finance Committee.

4.11 Staff with financial responsibility

Senior Finance Officer – With responsibility for day to day HR, Purchase Ledger, Banking, School Trips and uniform sales.

Finance Officer – With responsibility for Invoice Processing, Sales Ledger, Credit Control, BACS processing, Bank Reconciliation, Petty Cash and co-ordination of the Fixed Asset Register

Head of Department – authorised to spend monies delegated by the principal on their curriculum areas in line with budget allocated and the departmental development/school development plan.

This list is by no means exhaustive and can be added to or amended as required.

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

See also **APPENDIX 5 - Anti-Fraud and Corruption Policy**

4.12 Register of Interests

It is important for anyone involved in the spending of public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all Academy trustees and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase Goods or Services. The register will form part of the annual accounts and is therefore open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the academy.

The disclosures should also include business interests of relatives such as parents or spouse, or business partner where influence could be exerted over a trustee or a member of staff by that person.

The existence of a register of business interests, does not of course detract from the duties of trustees, and staff to declare interests whenever they are relevant to matters being discussed by the governing body or one of its committees. Where an interest has been declared, trustees and staff should not attend that part of the committee or other

meeting.

5 Control Principles

The Academy Trust and managers must maintain robust oversight of the academy finances. A written scheme of delegation of financial powers is in place, with financial controls to ensure that transactions will be properly processed and that errors will be detected promptly. In broad terms these control principles can be defined under the following headings. Systems are also in place to ensure the higher value resources school has invested in, are tracked and monitored/accounted for.

5.1 Segregation of Duties

In so far as resources allow, no process will have the same person initiating the process, undertaking the process and concluding the process. (For example, procurement will require the authorisation of a purchase order by one person, the receipt and matching of the supplier invoice by another person, the authorisation of the supplier invoice by another person and the payment of that invoice by another person.)

Where such segregation is not possible all risks will be assessed and the process opened up to independent review and scrutiny.

Authorisation Procedures

The Academy will operate within a clearly defined series of authorisation limits for such things as ordering, purchasing and payments. The level of authorisation will increase as the value of the transaction increases.

Internal Checks

All of the Academies financial matters will be subject to basic arithmetical checks at each stage of the process. In addition each persons' work will be checked by another in order to safeguard against error or manipulation

Reconciliations

All nominal ledger control accounts will be reconciled on a monthly basis and the reconciliation will be documented checked and authorised by the Business Director.

Bank accounts and cash book will be reconciled on at least a monthly basis. The reconciliation will be documented and authorised by the Business Director. The Trust Bank account will be authorised by the Principal.

All reconciling items will be investigated and where possible cleared in the month following. Where it is not possible to clear a reconciling item reasons should be given on the face of the reconciliation.

In the case of unpresented cheques, any cheque that reaches 12 months old will automatically be added back to the bank balance and adjusted accordingly within the accounts.

The payroll will be reconciled and checked each month, to ensure that the correct amounts are being paid and that Inland Revenue payments are made in accordance with the timeframes laid down by regulation.

5.2 Safeguarding of Assets

The Academy employs a fixed asset register to record and maintain its fixed assets. Appropriate monitoring controls are in place, including annual check and the use of 'Smartwater' forensic marking on attractive/portable items.

5.3 Asset Register

All items purchased with a value over the capitalisation limit of the academy (£2000) will be entered into an Asset Register. The Asset Register will include the following information.

- Asset description
- Asset number (unique)
- Serial number
- Date of acquisition
- Asset cost
- *Expected useful economic life
- *Any anticipated residual value
- Depreciation (annual accumulated)
- Current book value
- Location
- Member of staff responsible for the asset – if applicable

All I.T assets of the academy are recorded and permanently and visibly marked with 'Smartwater' as the academies property. Smaller 'attractive' items such as kindles are also 'Smartwater' protected.

A physical check of the inventory is required on an annual basis, this is to be signed by a responsible officer and dated. Any discrepancies must be reported to the Principal who in turn will inform the trustees. All assets will be checked at least once per annum led by the Finance Officer.

All employees who are responsible for equipment will sign a release to have access to those assets, and can be asked to account for their location and condition from time to time.

Any losses must be reported to the Business Director immediately and an investigation held into the loss where appropriate. Such losses should be reported to the trustees

Where an employee consistently fails to take the necessary steps to secure and safeguard assets in their possession, this may result in disciplinary action being taken.

5.4 Disposal of Fixed Assets

Academy trusts MUST obtain prior approval from the ESFA for the following transactions

- Acquiring a freehold of land or buildings
- Disposing of a freehold of land or buildings
- Disposing of heritage assets as defined in the funding agreement

Write offs - Any asset that either becomes obsolete, lost or damaged beyond economic repair will be removed from the Asset Register and from the accounts as a disposal. This must be authorised by the Business Director and reported to the Resources

committee at its next sitting.

Items which are to be disposed of either by sale or destruction must be authorised for disposal by the Business Director and, where significant, should be sold following a competitive tender.

All disposals should be recorded and notified to the Resources Committee as they occur.

Any disposal of an asset with an original value in excess of £10000 should be approved by the Resources & Finance Committee.

Where the Academy proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid, the approval of the DFE will need to be gained before such disposal can take effect. (Financial Academies Handbook 2019)

Disposals directly to staff are not encouraged. However, where there is a tendered offering of the asset, staff members are entitled to bid in an 'arms-length' open manner.

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

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

Depreciation will be calculated using the facilities within the fixed asset register on an annual basis and will be posted to the nominal ledger accordingly.

Where assets, other than musical instruments, staff laptops, school mobile phones etc. (individually assigned) are loaned out, the property of the academy must not be removed from site without the authority of the Head of Department. A record of the loan must be recorded in a loan book kept by the Business Director or/and Site Manager – depending on the item - and booked back into the Academy upon its return.

The managers should review the loan book monthly and identify any items that have been on loan for longer than a month and seek an explanation as to why and where the asset is now situated.

Any asset over 3 months on loan will need to be physically verified or the value repaid to school.

In relation to write-off's, the trust will always pursue recovery of amounts owed to it and should only consider writing off losses after careful appraisal, including whether all reasonable recovery action has been taken.

6. Financial Reporting

6.1 Regular Financial Reporting

The Academy will produce regular financial monitoring information reports for management, the Resources & Finance Committee and the Trustees. The Business Director produces an Income and Expenditure Report and monthly set of accounts for discussion with the Principal at weekly/monthly meetings.

This management information will include an Income and Expenditure account for the month and year to date, variance to budget and to forecast and an explanation of significant variances. A termly written report will be produced for the academy as a whole and presented at the Resources Committee meeting. The reports will include any Capital Spend. The Chair of the Trust and the Chair of Resources and Premises will receive monthly accounts.

Departmental Heads will receive a regular statement of spend to date.

Other financial information will be included on an 'as required' basis – such as termly accounts for Catering and the Sport Centre.

6.2 Budget Forecast

The board of trustees must approve a balanced budget. The school will produce an annual budget for the trustees and in accordance with the requirements of the DFE. Currently a budget forecast return is submitted 21 May and a three year budget forecast return by 30 July. The ESFA has specific on-line forms for the returns. The ESFA must be notified within 14 days should the school be unable to set a balanced budget.

The academy will produce a financial re-forecast half yearly budget for the trustees and in accordance with the requirements of the DFE. The budgets and forecasts will be reported and compared to actual performance with appropriate explanations. Monthly management accounts are produced against budget and monitored.

6.3 Audit

A termly scrutiny audit will be completed by the appointed auditors and reported to Trustees. Additionally a full annual regularity audit will be completed and conducted by external auditors at the year end.

Consideration will be given to the introduction of a regular programme of external audit to identify control weaknesses and to offer recommendations for continuous improvement.

6.4 Documentation of Systems

All operating procedures of the Academy will be documented as they are introduced and reviewed and amended/updated regularly. This will include

- Job descriptions – filed with the Business Director
- Operating Instructions – kept in the Finance Office
- Financial Procedures – this document.

6.5 Whistleblowing

Trustees must agree the whistleblowing procedures that protect staff who report individuals they believe are doing something wrong or illegal. The trust must ensure that all staff are aware of the whistleblowing process and how concerns are managed. The school policy is on the staff website.

7 Accounting Systems

7.1 Accounting systems

The academy will operate an adequate accounting system to meet the requirements of

the organisation. The academy accounting system will include the following.

- Nominal Ledger
- Sales Ledger
- Purchase Ledger
- Cash Book
- Purchase Order Processing
- Sales Order Processing
- Fixed Asset Register
- Payroll
- Cost centre reporting
- Lettings Software
- Purchase Order Request system
- Cashless Catering System (inc. WisePay)
- Trips and uniform sales (inc WisePay)

All subsidiary ledgers will be reconciled to the main nominal ledger control accounts on a monthly basis and all variances investigated and explained.

The academy will procure appropriate accounting software in order to achieve this aim, and access to the accounting system will be safeguarded with password protection and an administrator allocating and deleting access rights on the basis of approved and authorised requests.

Access rights to the financial accounting software will only be authorised by the Business Director or the Principal. Information will be stored safely and securely in line with GDPR principles.

7.2 Cash, Banking, Petty Cash and Safe limits.

The control of cash and banking is of utmost importance to the academy as this is an asset that is easily portable and easily manipulated. Ensuring adequate controls over cash and banking arrangements will minimise the risk to the academy of loss.

Banking

The academy will maintain such bank accounts as are required from time to time. The academy must manage its cash position, reconcile bank and control accounts regularly and **MUST** avoid going overdrawn. Overdrafts are not permitted.

The academy currently maintains an interest bearing business bank account with Lloyds Bank

The opening and closing of bank accounts can only be authorised by the board of trustees who must set out in a formal memorandum, the arrangements covering the operation of the accounts including signatories and bank transfers. All bank mandate changes must be authorised by the board of trustees. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must be subject to the same level of mandate control.

Cash receipts will be banked on at least a monthly basis with monies held overnight in a secure safe until banked.

A cash collection and banking service is in place, with a cash collection by arrangement.

The bank account is currently reconciled on a monthly basis to the cash book. If the level of transactions increases this frequency will increase. Bank reconciliations are checked and signed by two persons – usually the Finance Officer and Business Director. The Trust bank account is reconciled by the Business Director and signed by the Principal.

The cheque book is held in a locked safe. Cheques are only drawn for Petty Cash Top up.

The academy uses BACs payments through Lloyds-link On-Line Banking in preference to payment by cheque.

Appropriate authorisation controls will exist over the signing of each BACS run. The current authorisation mandate is shown in **APPENDIX 6** to this document.

Any earmarked grants awarded to the academy will be separately identified within the accounting system and cash book along with any payments from those accounts in order to ensure that no restricted funds are used to meet general running costs.

Authorised signatories should not normally sign cheques or approve BACS runs for goods or services which they have authorised.

Petty Cash

A separate system of petty cash will be maintained in order to address urgent needs. The petty cash tin will be locked and stored safely in the main safe. Petty cash will be maintained using an 'Imprest' system and will have a balance of £500.

No petty cash request will be made unless the claim is accompanied by appropriate signed receipts. In the case of a lost receipt, it will be the Principal's discretion as to whether school can consider reimbursement. The Finance Officer is currently responsible for the safe custody of the tin and paying out approved expenditure using a petty cash voucher that the recipient signs to confirm cash receipt.

All petty cash receipts must be authorised by the budget holder and the voucher signed by the person given the cash.

Petty cash will be available for such things as the following

- Small items of stationery
- Small items of equipment
- Postage stamps
- Visitor expenses
- Staff travel expenses – car park, train fare, taxi fare
- Cleaning/R&M materials

This list is not exhaustive but a guide as to the type of sundry expenditure that can be made. However, the use of petty cash is restricted to small value items of an urgent nature (Normal maximum value up to £30. Any higher value must be authorised by the

Business Director). For all non-urgent requests above £30, the reimbursement will be made through the purchase order process (BACS) or paid via payroll following submission of an authorised mileage expenses claim.

The only deposits to the Petty Cash should be replenishments made from the main bank account. All other cash receipts are to be banked accordingly.

Whenever a cash replenishment is drawn to maintain the £500 imprest, the Finance Office will ensure all of the petty cash records are balanced and posted to the nominal ledger and that the petty cash control account balance is reconciled to the petty cash. The Business Director spot checks the receipts, counts the residual cash back to the £500 imprest before authorising the cash replenishment.

The trusts funds must not be used to purchase alcohol, either via petty cash, credit card or main funding.

Safe Limits

The main school safe is situated in the finance office. The safe is a Phoenix Castille 6 HS0605K keylock safe, with an insurance covered approved cash limit of £6000.00. The safe is situated on the second floor in an office that is locked when un-attended. Two keys are issued – one to the Finance Officer and one to the Senior Finance Officer. Both safe keys are to be taken off the premises each evening.

The finance office also has two smaller safes which contains mainly keys and blank banking books.

Reception has a MILNER safe, and the back office of the Sport Centre has a CHUBB Eurosafe 0 2001 C0436001. £6000 cash limit, £60,000 Valuables.

Cash must be collected weekly during term time from the Reception safe holding the Sport Centre banking and from the Finance safe - both require signed collection.

Under normal circumstances the £6000 safe limits are adequate across each safe, School accepts that this may, on rare occasion go above this over the summer holidays, especially when school uniform is being sold. School is promoting WISEPAY as an alternative 'non-cash' method, however, should it be felt necessary to do a manual banking due to a cash build up, two persons must take the monies to the bank.

7.3 Payroll

The main elements of the payroll system are staff appointments, payroll administration and processing. There will be segregation of duties within the payroll function as far as possible.

The payroll will be managed by a combination of the Principal and the Business Director.

The Business Director is responsible for the completion of new starter forms and any payroll adjustments/terminations.

The academy uses the local authority (LA) to run the monthly payroll. Under this Service Level Agreement, the LA is responsible to make all timely and appropriate payments to HMRC/Pensions.

Additional Hour or Casual Staff payments must be submitted on the appropriate forms, counter-signed by the Departmental Head responsible for that staff member – e.g. The Examination Officer countersigns all Invigilator and supply staffing casual hours.

The Business Director reconciles the payroll on receipt of the reports from the LA after the payroll has been run. Payments are checked against budget software twice a year, in conjunction with the Central Record kept by the Senior Finance & HR Officer.

7.4 Staff appointments

The board of trustees has approved a Staffing Structure for the academy. Changes to this structure can only be made with the express authority of the trustees.

The Principal has authority to appoint staff within the authorised structure except for Vice Principals and Business Director, whose appointments must follow consultation with the Trustees.

The Business Director is responsible for new starter and leaver forms along with any mid- term salary amendments. Paperwork is sent direct to the LA, with a copy to the Business Director. All personal information will held in a secure cabinet in a secure location and access will be strictly limited. This will be strictly enforced.

The Senior Finance Officer sets up, inputs and maintains the school CENTRAL RECORD and the day to day paperwork re new starters etc. The Business Director will monitor a record of all staff sickness and other absences, deal with any grievances, along with any terminations. Other HR duties include

- All new employee details
- Record staff absence
- GDPR Compliance
- Any changes to terms and conditions
- Leavers
- Meet Union Representatives (JCC)
- Deal with grievances, staff performance issues
- Dealing with other statutory information to the HMRC
- Any changes to tax coding as notified by the HMRC
- Issue of P45s
- Annual salary statements for teachers

7.5 Payroll Administration and Payment

Access to payroll files is restricted and password protected.

Support Staff are paid monthly on the 18th day of each month. Teachers are paid monthly on the 28th day of each month. (or nearest next working day to that date should it fall in a weekend or a bank holiday) Payment is via BACS.

Currently the Business Director checks and approves the output from the monthly payroll, which is run by the Local Authority. The Business Director sets up, inputs and maintains

Any other sundry and statutory deductions such as the 'Cyclescheme' and Child Care Vouchers

All financial data from the payroll system. From LA reports, data is summarised and posted to the nominal ledger by the Business Director. The reconciliation journal is counter authorised by the Principal.

Ensures payment of the payroll via Direct Debit to the LA monthly

An analysis of the changes from one month's payroll to the next

Twice yearly, the Business Director must check that each member of staffs gross pay per the payroll system agrees to the contract of employment held in the personnel files

All payroll control accounts in the nominal ledger will be reconciled on a monthly basis by the Business Director. All reconciling items must be investigated and cleared prior to the next month's data being input.

7.6 Purchases

The school requires **Best Value** for money from all of its purchases. This means balancing the correct quality, quantity, time and best price.

With much of the expenditure being made using public funds the academy will need to maintain the integrity of these funds by following the general principles of

Probity.
Accountability.
Fairness.

Purchasing activity will be strictly controlled using appropriate segregation of duties, control processes and authorisation limits.

Purchasing activity will take place in a number of ways but will fall under the following main headings for which specific procedures and policies will be in place.

Capital expenditure requests
Purchase ordering
Expenses
Petty Cash

Purchasing activity will be controlled taking into account the requirements of the DFE for the best value to be obtained where public funds are involved. This will include consideration of the following

- OJEU rules and regulations where appropriate
- Tendering guidelines
- Probity
- Value for Money
- Quotes
- Suitable Authorisation levels to meet the needs of running the academy on a day to day basis. (segregation of duties)
- Cost Centre and budget responsibility
- Approved suppliers
- Sponsorship opportunities

- No alcohol purchase from trust funds

For more details on purchasing see Procurement Section 5 of this manual.

7.7 Sales Ledger

Sales invoices will be raised in a timely manner using ACCESS Dimensions Sales Invoices will be sequentially numbered and will be recorded in the sales ledger. All Sales invoices are VATable.

Any invoice numbers that are missing in sequence will be investigated and explanations sought.

Credit control procedures will be carried out on any invoices which become due for payment and this will include telephone contact, reminder letters and finally legal proceedings. **APPENDIX 7 - Credit Control Policy**

7.8 Related Party Transactions – The school MUST report all transactions with related parties to the ESFA in advance of the transaction taking place using their on-line form if the school order exceeds a £20K contract value individually or cumulatively. (A related party is any relative of staff, governor, trustee or sponsor who owns an organisation or more than 20% of a companies shares).

School must also report to the ESFA any purchases that are Novel – ie outside the range of normal business activities, Contentious – likely to cause criticism or Repercussive - have a wider financial implication.

7.9 Income

All income, including sales invoices, trip money and charitable fund raising, will be recorded in the accounting system. Any income received in cash/cheque, including trip money and charitable fund raising, will be delivered to finance for banking and the amount will be recorded in the manual cash received book. Individual Trips and charity collections are also maintained on an Excel Spreadsheet that is balanced to the cash/cheques received against pupil names.

Banking is collated weekly ready for cash collection Wednesdays.

All banking is posted to the accounting software system, currently ACCESS Dimensions.

7.10 On-line Banking – Wisepay

The Academy operates a cashless catering system. This can be utilised by parents who can add money to their child/childrens' account 'on-line' through Wisepay and money is deposited into the designated bank account through that route. Wisepay can also accept payments for trips over £10 and for uniform sales greater than £10.

The Wisepay bank account is kept separate from the main bank account to reduce the risk of hacking/cyber-crime – the bank account is reconciled monthly and payments received transferred into the main school bank account.

7.11 ReVal Machines on site

Alternatively there are three cash machines across the school buildings where cash can be deposited and its added automatically to an individual's catering account

Re-Val cash machines are emptied and balanced on a daily basis and the money placed in the safe until banked. The software package - Biostore - produces a list of monetary content per Re-Val machine broken down into individual numbers of notes and coins to ensure the money taken matches that allocated to individuals.

7.12 Fees and charges.

The Academy should normally set fees for its chargeable services at full cost, but it may include an additional rate of return, when in a commercial environment. The fees and charges to be charged should be determined in accordance with chapter 6 of HM Treasury's "Managing Public Money"

For school trips, purchase of school equipment and other charges requested from pupils, please see separate Charging policy.

7.13 Cash Flow

The Business Director is responsible for preparing cash flow forecasts should the bank balance fall less than £500K to ensure that the academy has sufficient funds available to pay for day to day operations.

The cash flow should be seen as a working document very much like the budget with monthly progress monitored and reported against the academies financial commitments.

8 Procurement – from the Procurement and Tendering Policy

8.1 Introduction – To ensure probity in its purchasing decisions, policies and procedures for procurement are in place. They cover in detail how purchases can be made for the academy and the specific controls around those methods and delegated authority levels, in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the board of trustees.

8.2 Probity – including the acceptance of gifts

Probity is essentially defined as honesty and fairness, but in practice is really the avoidance of deciding unfairly between suppliers.

The academy will ensure that in its purchasing activity it records and reports fully the declaration of any personal business interests of any officer or trustee of the academy in relation to the purchasing activity of the academy.

The academy will ensure that as far as possible it will record and report any connected party transactions of any officer or trustee of the academy in relation to the purchasing activity of the academy. The academy policy is not to accept gifts from suppliers as an incentive to place orders with that supplier.

If a supplier provides a free sample of product for testing or trial or as a raffle or other prize this will not be deemed as a gift by the supplier.

To accept gifts should be the exception. You may accept small 'thank you' gifts of

token value, such as a diary, a coffee mug or bunch of flowers, not over £35 in value. You should notify the Heads PA of any gift or hospitality over this value for entry in the Register of Business Interests. For further information see 'The Anti-Fraud and Corruption Policy'

8.3 How Purchases can be made

Goods and Services from time to time will be purchased in order to support the Academies work in meeting its core objectives. It is important therefore that purchases made are in line with that aim and that the expenditure made is on goods and services that are appropriate for the purpose for which they are intended.

In achieving this, expenditure can be incurred on behalf of the academy in a variety of ways. These ways are listed as follows.

- Capital Expenditure requests
- Purchase Ordering
- Credit Card Purchases
- Expenses
- Petty Cash

Each of these ways of expending money will have different processes and controls around them and each is defined below.

8.4 Capital Expenditure

Capital expenditure is expenditure on goods and services which satisfies two tests

- 1 - They are significant in value (i.e. above £2000)
- 2 - They will be of benefit to the academy for a period greater than one accounting year.

This is not an exhaustive rule and there may be exceptions but in general if an item of expenditure fits these two criteria then it may be deemed as capital. Any other expenditure is revenue expenditure.

For example

The purchase of a stapler for £9.99, whilst being of use to the academy over more than one accounting period is not of significant value and is therefore not capital.

The payment of a rates bill for £5,000 whilst being significant in value will not be of use to the academy over a period of greater than one accounting year and is therefore not capital.

The purchase of a mobile classroom for £10,000 is both significant in value and of use to the academy over a period that is greater than one accounting year and therefore IS deemed to be capital.

Any monies expended using grant funds from the DFE will require the procurement rules

of the department to be followed.

The process by which capital expenditure can be made on behalf of the academy is as follows.

- Items up to £30,000 by purchase order on the authority of the Principal as long as they are in line with the trustee approved school spending plan.
- Items between £30,000 and £50,000 by approval of the Resources & Finance Committee.
- Items of a value greater than £50,000 by capital expenditure proposal submission to the Resources & Finance Committee who will scrutinise the detail and forward onto the Board of Trustees for final approval.

8.5 Purchase Ordering

As far as possible all expenditure of the academy, both capital and revenue should be made using an official purchase order, signed by the budget holder and generated by the finance department on the accounts system. The purchase order is numerically numbered and the purchases coded against the relevant cost centre. There will be times when an official order is not be appropriate and whilst the list is not exhaustive, the following examples give guidance on when it is NOT appropriate to use a purchase order.

- For items of a trivial nature and value (e.g. postage stamps)
- For personal expenses incurred whilst on academy business (e.g. mileage claims for car journeys)
- For items of a statutory or mandatory nature (e.g. rates bills, utility bills, payments to HMRC or court deductions)
- For the purchase of catering consumables – food, disposables etc where need requires next day/short lead delivery. The Catering Manager/Senior Cook only are allowed to order direct FROM AGREED CATERING SUPPLIERS, grocery provisions and cleaning/packaging sundries as the menu requires. The catering manager (or Asst Manager/Senior Cook in her absence) shall sign all such invoices to confirm the validity of the order.
- For payroll related expenditure.

8.6 VETTING OF A NEW SUPPLIER

With the increase in on-line scams under the guise of rogue websites, it is important for school to be certain that the orders school places are with bona-fide contractors/suppliers. **All new suppliers** will be checked as far as possible using VAT number and company registration numbers checked against more than one website. A file will be kept of annual new additions, with notes as to the checks made.

8.7 REQUESTS TO CHANGE BANK ACCOUNT/PAYEE DETAILS

With fraud very much in mind, ALL REQUESTS to change a supplier's bank details will be checked as valid BEFORE any changes are made on the software that creates the BACS run.

THE BANK WILL NOT BE RESONSIBLE FOR THE RETURN OF ANY PAYMENT MADE TO A VALID ACCOUNT NUMBER FROM A BACS RUN IN THE CASE OF FRAUD – it is schools responsibility to check that monies paid are going to the

correct establishment.

When school receives any such request, it will seek proof of validity by making contact with the supplier – either from their existing contact details, or independent of the letter received, against a website or wider reference. Where possible, school will seek an additional email confirmation that the change of detail is valid and this will be kept in a file for future reference.

ACCESS software has also produced a report that can be run that lists any changes made to bank account details – this should be run at least termly to check the changes.

8.8 Purchase Orders

All official purchase orders will need to show the following detail.

- The name of the supplier
- The name of the contact at the supplier to who queries can be addressed if available.
- A unique purchase order number
- A description of the goods or services being purchased.
- Wherever possible, the agreed price
- The name and registered address of the academy and the place of delivery
- The academies terms and conditions of business.

This information will help to ensure that the correct goods are being purchased, at the correct price and being delivered to the correct place on behalf of the academy.

A copy of a purchase order is included in **APPENDIX 8** of this manual.

All purchase orders will be issued by the finance office and copies held by the budget holder and the finance office.

All purchase orders must be approved and authorised by an appropriate member of the academy in line with the authorisation limits documented within this policy. All purchase orders must also comply with the agreed ordering process.

For the current authorisation levels **see Section 5.4. Delegated Authority Levels**

A copy of all purchase orders must be held within the finance office in numerical order.

When the goods or service are received by the academy the person responsible for requesting the goods or their nominee must check the quality and quantity of what has been delivered by checking the goods to the Goods Received Note. **Where received**, the Goods Received Note should be sent to the Finance Office. They should sign the good's received note or the invoice to accept the purchases accordingly. However, a signature on an invoice is adequate authorisation in the event that delivery notes are not returned to the finance office.

If there is any problem with the quality of what has been received the goods or service should not be accepted, the documentation marked accordingly and the Finance Office notified immediately. The Finance Officer will discuss the discrepancy with the supplier without delay.

All signed goods received notes if available, and/or invoices should be sent to the

Finance Office to be matched with the relevant purchase order. The budget holder should maintain their own copy in case of queries or problems arising.

All suppliers should send their invoices for the attention of the Finance Office.

All suppliers of goods and services to the Academy must clearly record on their invoice the unique order number for the goods or services for which they are charging. This enables to the fast and efficient matching of invoices to properly authorised purchase orders and their onward prompt payment. This matching process is a key financial control over the expenditure made by the academy. Failure to comply could result in the invoice being returned to the supplier unprocessed and unpaid and may result in a disruption to future supplies from that supplier.

Upon receipt of the invoice it will be checked to evidence the following.

- Arithmetical accuracy
- Posting to the purchase ledger.
- Goods/services received
- Agreement to the order
- Prices are correct
- Invoice authorised for payment
- VAT correct.

Providing the goods have been received and the invoice is in agreement with the order and good received note and all other checks are positive the invoice will be sent to the budget holder for authorisation to pay. This needs to be returned to the Finance Office within 7 days of receipt.

Once authorised, the invoice will be processed for payment by the Finance Office Staff and the purchase ledger and cashbook updated accordingly.

If there is any discrepancy then the invoice is held awaiting explanation of the differences. Once the difference is identified and mutually accepted, the invoice will be paid in line with the schools normal payment schedule.

8.9 Credit Card Purchases

Whilst the primary method of purchasing will always be via ordering and invoicing, school recognises that some purchases are more cost effective when purchased on – line. Additionally, some companies do not offer other methods of payment. To allow on-line purchases, the Trustees have approved a School Business Credit card to named members of staff. Purchases made on this card must adhere to the strict purchasing conditions within the Smithills Credit Card Policy. **APPENDIX 9**

8.10 Expenses inc Mileage Claims

Sometimes it will simply not be possible to raise a Purchase Order for expenditure that is made “on the job”. Examples of such expenditure include

- mileage expenses for car journeys undertaken in relation to academy business,
- subsistence whilst away from the academy,

- car parking charges
- distress purchases such as urgent stationary and cleaning materials requirements.
- Public transport fares whilst on academy business
- Taxi fares whilst on academy business.
- Overnight accommodation where pre-booking was not possible via a purchase order.
- Small equipment purchases.

Again, this list is not exhaustive, but indicative, and if in doubt, advice should be sought from the Business Director or the Finance Officers.

To claim travel expense, the employee concerned will need to fill out an Expenses Claim Form, with supporting receipts, a copy of the form is shown in **APPENDIX 10** of this manual. Mileage expenses are paid via the payroll and require a supporting VAT fuel receipt. Smaller travel items such as car parking can be paid via Petty Cash, providing receipts, suitably authorised are provided.

For ALL other expenditure as above, the employee should provide receipts for the items being claimed. The simple rule is NO RECEIPT, NO PAYMENT. The only exception to this is where it is simply not possible to obtain a receipt for the item in question. In this case the expenditure can be reimbursed at the discretion of the authoriser, (and if greater than £30, the Principal), who must countersign and agree payment, giving reasons as to why a receipt is not possible.

Forgetting to obtain a receipt or loss of the receipt is not an acceptable reason for not providing a receipt. The Principal retains the discretion to reimburse – subject to due consideration.

All expense claims MUST be authorised by the appropriate budget holder. If they are not available then expense claims can be authorised by either the Business Director, Vice Principal or the Principal, as long as they can verify the expense as valid.

Mileage Claims

Mileage claims can only be made for journeys which are undertaken on behalf of the academy in relation to a business need. To claim business miles, **it is the employee's responsibility to ensure that their car insurance covers business use.**

There are two types of business travel. These are

Travel between workplaces in the performance of the duties of the employment

Travel by an employee between two workplaces that he or she must attend to carry out duties of the same employment is business travel.

Travel between the workplaces of two different employments is not business travel

Travel for necessary attendance at a temporary workplace

Travel between an employee's home and a permanent workplace is not business travel. This rule applies not only to daily commuting journeys but also to emergency

call-outs and other travel outside normal hours.

Travel between an employee's home and any other workplace (defined as a) is business travel where attendance at the temporary workplace is necessary to carry out the duties of the employment. Otherwise the journeys are defined as private travel.

No reimbursement will be made for any private element of a journey.

A private journey constitutes any journey for which there is no business requirement.

Under all circumstances, where the academy is the individual employee's principle place of employment, i.e. the base from which they conduct the majority of their employment activities, then any journey from home to the principle place of employment is deemed as a private journey.

The mileage undertaken should be recorded on the mileage form section of the expenses claim form with details of

- Where the journey was from and to.
- What actual mileage was incurred.
- The reason for the journey being made.

The payment of for mileage will be in line with the guidelines laid down and updated from time to time by HMRC. The current rates paid are the same as Bolton LA.

Where travel on Academy business requires the use of the train, the Academy will reimburse the cost of 2nd class rail travel. Any upgrade of travel to first class, is only at the express discretion of the Principal following an assessment of the business case for such means of travel.

The Academy requires that the cheapest mode of transport be used whilst on business for the Academy where possible. (For example, in London the use of the underground is encouraged over Taxi.)

8.11 Subsistence

Where the expense includes entertaining staff or visitors the names and details of all those attending should be recorded on the receipt or added to the expense claim as an attachment.

Where expenses include accommodation and expenditure relating to an overnight stay then the following limits to expenditure apply without prior authorisation from the budget holder.

Accommodation should not exceed £90 per night per person including breakfast
An evening meal up to the value of £20** per person may be claimed
***The purchase of alcohol as a drink with dinner is not re-claimable.*

8.12 Scheme of Delegation - Authority Levels

For each different type of expenditure potentially differing authority levels apply.

(APPENDIX 11 – Procurement & Tendering Policy)

Quotation and Tendering

The minimum required numbers of tenders or quotations from appropriate contractors for a given estimated value of contract are:

Above £1,000 and up to £2,500 (£5,000 for works) two oral quotations:

Above £2,500 (£5,000 for works) and up to £15,000, three written quotations preferred.

Above £15,000 and up to £50,000, three formal quotations to be submitted in writing.

Above £50,000 and up to EU thresholds, advertised with application to tender, with reasonable wide circulation in a local journal or trade network - three written tenders by a closing date

Over EU thresholds, full specification to be professionally prepared and put out competitive tender - five tenders preferred, three necessary.

The values are for single items or groups of items, which must not be disaggregated artificially.

The sterling equivalents of EU thresholds 2019 (net of VAT) are £189,330 for SUPPLIES and Part A services and £4,733,252 for WORKS. The sterling equivalents are changed on 1 January of each even-dated year.

***For tenders expected to exceed EU thresholds, advertisements must also be placed in OJEU (the Official Journal of the European Union) and must follow EU procurement requirements with particular regard to be given to the timescale for such tenders.*

8.14 Routine Purchasing

Departmental Budget Holder - Spend limits – individual item to £500.

Budget holders will be informed of the departmental capitation available to them as soon as a balanced budget has been agreed for the coming academic year. The budget amount set is to cover stationery, photocopying and smaller resource spend that supports the departmental development plan. Should the budget amount set not be available prior to the commencement of the academic year, then authority to spend rests with the SLT.

It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

Routine departmental purchases up to the value of £500 can be ordered by the budget holder. For spend greater than £500, two quotes must be obtained and authorised with the Business Director prior to the order being placed. In the first instance the budget holder should check the list of approved suppliers maintained in the Finance Office to find an appropriate supplier/s.

A quote or price must be obtained in all cases before an order is placed.

Telephone Quotes are acceptable, providing these are evidenced and faxed confirmation has been received prior to an order being placed.

If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list, the reasons for this decision must be discussed and agreed with the Business Director.

Finance - Routine Purchasing up to £2,500 (£5,000 for works) but less than £30,000

For purchases in this range, at least 3 written quotes should be obtained for all orders to identify the best source of goods/services. Written details of quotations should be prepared where appropriate and retained by the finance department for audit purposes.

All orders falling in this category will require the approval of one of the following, plus the Principal

Business Director

Vice Principal

Principal - The Principal may also authorise vired transfer of funds between cost centres to the value of £20,000

Orders over £30,000 but less than £50,000

For purchases up to £50,000, provided the expenditure is included in the budget, the decision as to which tender to accept will be taken by the Principal, in consultation with the Business Director and the chair of Resources & Finance Committee

For purchases in this range, at least 3 written quotes must be obtained for all orders to identify the best source of goods/services. Written details of quotations should be prepared and retained by the finance department for audit purposes

Orders over £30,000 may require a written specification with evaluation criteria on which decisions can be made. As the order value increases, so does the need for a more detailed specification to ensure that any purchases made are fit for purpose and value for money– it would be expected that orders above £30,000 would require supporting quotes containing full written detailed criteria, with those requirements further supported by specialist/professional expertise as the financial value increases. There may also be occasion where the purchase is of lesser value, but would benefit from the inclusion of detailed requirements using specialist knowledge.

The Full Trust Board must approve the virement of funds above £20,000.

With a recommendation from the Resources & Finance Committee, the Full Board of Trustees must approve vired t/f of funds greater than greater than £20,000

The Full Trust Board must approve orders greater than £30,000

For purchases exceeding £50,000, provided the expenditure has been budgeted for, a Decision will be recommended by the Resources & Finance Committee body for approval by the Board of Trustees.

All purchases with a value greater than £50,000 must be put out to formal tender.

8.15 TENDER - TYPES OF TENDER (from the Tendering Policy)

Formal tender

The following procedures must be followed in such circumstances:

- A specification will be prepared, authorised by the chair of the relevant committee and Principal and sent to at least four suppliers
- It is anticipated that for any major building works of a value greater than £50,000, the services of an appropriate specialist professional (e.g. Architect, surveyor etc) would be engaged to prepare a detailed technical specification, with suitability to tender.
- Invitations to submit tenders will be advertised in local newspapers and trade journal if appropriate

The invitations to tender will include:

- (a) an introduction/background to the project;
- (b) the scope and objectives of the project;
- (c) any technical requirements;
- (d) implementation details for the project;
- (e) the terms and conditions of the tender; and
- (f) the form and date of response to the academy, or in the case of building works, to the architect or quantity surveyor.

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

Open Tender

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Business Director how best to advertise for suppliers (e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical).

Restricted Tender

This is where suppliers are specifically invited to tender, and are appropriate where:

There is a need to maintain a balance between the contract value and administrative costs. If, for example a large number of suppliers would come forward, or the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements. Consider too if the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender

The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate when

- The other methods have been unsuccessful
- Only one or a very few suppliers are available.
- Extreme urgency exists
- Additional deliveries by the existing supplier are justified.

Preparation of Tender

Full consideration should be given to:

- The object of the project
- The overall requirements
- The technical skills required
- The after sales service requirements
- The form of contract.

It may be helpful after all of the requirements have been established, to rank them (for example mandatory, desirable, and additional) and to award points to suppliers on the fulfilment of these requirements. The supplier with the highest point score would be an indication as to the best provider.

Invitation to Tender – Consider the Schools' Funding Agreement when applying this policy

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

An invitation to tender should include the following.

- An introduction or background to the project
- The scope and objectives of the project
- Technical requirements
- Implementation of the project
- Terms and conditions of the tender
- Form of response.

Other Considerations

Look to get a pre-sales demonstration to get a better look at both the supplier and the good or services being offered.

Check into the availability and quality of the after sales service

Gain details on the financial status of the supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. This can be done through the review and checking of audited accounts and or taking up a credit reference from an appropriate agency. Seeking assurance from the supplier themselves

as to the level of current orders they are working to fulfil would also be helpful.

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the academy. The tenders should be clearly marked that they are tenders and time and date stamped on receipt. They should then be stored in a secure location prior to opening. Tenders received after the submission deadline will not be accepted except in exceptional circumstances.

Tender Opening Procedure

All replies, if to the Academy, should be addressed to the Business Director in a plain sealed envelope marked 'Tender' to be received by a specified date. All replies must be kept sealed until that date. Tenders submitted should be opened at the same time and the tender details should be recorded,

For all tenders two people should be present for their opening. No contractor will be allowed to amend the tender after the time fixed for receipt.

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. The Business Director will file each tender with any accompanying copies of any correspondence received or other relevant information.

A copy of the record, highlighting the chosen tender, should be kept with the signed purchase order once raised for the goods or service in question.

Tender Evaluation

The criteria for evaluation should be agreed upon prior to the opening of tenders.

The Schools 'DfE Funding Agreement should be considered when applying this policy.

Two people should be present to conduct the evaluation, who have no conflict of interests with any supplier involved. Full records should be kept of all criteria used for evaluation and in all cases a report prepared for the Resource Committee which recommends a decision.

Where required by the conditions attached to a specific grant from the DfE the departments' approval must be gained prior to the acceptance of the tender.

The accepted tender should be one that is economically most advantageous to the academy.

All parties should be informed of the decision.

The reasons for accepting a particular tender must be documented, especially if it is decided to accept other than the lowest tender. All decisions must be reported to the full governing body.

Where additional expenditure is not included in the budget or anticipated expenditure exceeds the budget allocation, the decision as to which tender to accept will be taken

by the Resources & Finance Committee, in line with their Terms of Reference and then ratified by the full governing body

In the case of building works, where the tendering process is being carried out by the architect or quantity surveyor, they will be responsible for checking the document content, advising of the lowest tender or most suitable, with reasons, before making a recommendation to the academy.

The reasons for accepting a particular tender must be documented, especially if it is decided to accept other than the lowest tender. All decisions must be reported to the full governing body.

Tender Evaluation - Technical/Suitability

Take note of the qualifications of the contractor

Take note of the relevant experience of the contractor
Identify the description of the technical and service facilities

Ensure that any certificates of quality or conformity with standard are accurate and relevant

Look at the quality control procedures

Take references from previous customers and take details of previous sales made in this area.

Check the qualifications and experience of the supplier, including membership of professional associations.

Check compliance with the technical requirements laid down by the school.

Check the suppliers own quality control procedures, after sales service, and for building works a six/twelve month defects period and insurance guarantees

Acceptance of Tender

Financial

Like should be compared with like and if a lower price means a reduced service or lower quality this must be taken into consideration 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.

Consideration should also be given to the scope for negotiation on price once the tender response has been received.

The following points will be considered when deciding which tender to accept:

1. The overall price and the individual items or services which make up that price.
2. Whether there are any 'hidden costs' - that is additional costs which the academy will have to incur to obtain a satisfactory product.
3. Whether there is scope for negotiation, while being fair to all tenderers.
4. The financial status of the supplier.
5. References from other establishments.

Other

In the case of building works, where the tendering process is being carried out by the architect/quantity surveyor/engaged professional, they will be responsible for checking the documents of the lowest tender before making a recommendation to the academy.

Once a tender is accepted an order should be issued immediately to the supplier in the normal way.

The successful contractor will work in a safe manner on site, with compliance to Health and Safety requirements and working within Construction, Design and Management (CDM) regulations. The successful contractor must also be aware of all Safeguarding/Child Protection Policies in place, as related to working on a school site.

The successful contractor should be informed that the school is a NON SMOKING site.

9 Budget Reporting and Financial Planning and Monitoring

9.1 Financial Management

It is a condition of DFE funding that the governing body ensures it has sound financial systems in place.

The board of trustees will ensure that financial planning and management controls (including controls against misappropriations, fraud and theft) are appropriate and sufficient to safeguard public funds. The precise financial management arrangements of each governing body will vary according to its size, organisation and particular needs.

The board of trustees will give consideration to how it can best deliver the financial and accounting functions which are required. The overall responsibility for the effectiveness of the financial management arrangements remains with the governing body.

9.2 Financial Planning

The academy prepares both medium term and short term financial plans.

The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

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

9.3 Development Plan

The School Development Plan and School Evaluation Form (**APPENDIX 12**) is concerned with the future aims and objectives of the academy and how they are to be achieved. This includes matching the academies objectives and targets to the resources that are expected to be available.

Plans should be kept relatively simple and flexible. They are the big picture within which

more detailed plans may be integrated.

The form and content of the development plan includes detailed objectives for the coming academic year and outline objectives for the following years.

The academy will establish a planning cycle and timetable to the Trustee governing body which allows for the following.

- A review of past activities, aims and objectives – “did we get it right?”
- Definition or redefinition of aims and objectives – “are we still heading in the right direction?”
- Development of the plan and associated budgets – “how do we go forward?”
- Implementation, monitoring and review of the plan – “ how do we make it work?”
- Feedback into the next planning cycle – “what can we do better next time?”

The plan should also include the estimated resource costs, both capital and revenue associated with each objective and success criteria against which success can be measured.

For each specific Development Plan objective the lead responsibility for ensuring progress will be handed on to a named individual. They will monitor performance against defined success criteria throughout the year and report to the Senior Leadership Team on a regular basis.

The Senior Leadership Team will report to the board of trustees if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

9.4 Budget Setting - Preparation

With the latest information from the Principal re strategic curriculum development and staff planning, the Business Director will prepare an annual budget which sets out the expected income and expenditure of the academy month by month over the budget period for submission to the board of trustees.

Except with the Secretary of State’s prior agreement, the trustees of Smithills School cannot budget for expenditure in any year in excess of expected income, nor enter into commitments which are likely to have substantial implications for future levels of grant, or for the period grant may be required. No decision by the trustees will commit the Secretary of State to any particular amount of grant.

The Business Director is responsible for preparing and obtaining approval for the annual budget.

The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised.

There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements

- Forecasts of the likely numbers of pupils to estimate the DFE grant receivable.
- Review of other income sources available to the academy to assess the likely level of receipts
- Review of past performance against budgets to promote an understanding of the academy cost base.
- Identification of potential efficiency savings
- Review of the main expenditure headings in light of the development plan objectives and the expected variations in costs (e.g. pay increases, inflation and other anticipated changes).

Before the budget can be approved it must be balanced. (i.e. costs must at least be covered by income.)

Once the budget process has been completed, the Business Director prepares a draft of the budget for approval.

9.5 Budget Approval

Principal, Resources & Finance Committee and the Full board of Trustees must approve the budget.

It is recognised that, from time to time, school's financial plans and budget priorities may change. The Resources & Finance Committee will agree procedures so that all significant amendments to budgets such as transfers between budget headings ('virements') are promptly notified to them for approval.

9.6 Dissemination and Control

The budget once approved, should be communicated to all staff with budget responsibility, so that everyone is aware of the overall budgetary constraints.

The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action.

The budget must be viewed as a working document that is subject to change and revision through the year as circumstances change.

In cases of extreme financial difficulty the Senior Leadership Team has ultimate authority to rescind all other budgetary delegated responsibility in order to impose tight control and restrictions until the matters causing the problem is rectified. The Business Director will lead on this reduction in spend, with the Principal available to deal with any appeals should they arise.

9.7 Reporting the Budget to the DFE

The academy is required to submit a copy of their annual budget to the ESFA by 31st July annually. This should be in the format requested by the DfE in the form of an income and expenditure statement.

10. Financial Reporting Arrangements

10.1 Budget Monitoring - Management Team and Trustees' Responsibilities

Monthly accounts to include reports detailing actual income and expenditure against budget are discussed with the Principal, highlighting any unusual or exceptional items.

The Resource & Finance Committee Trustees receive termly reports, but may decide they need to be kept informed on a monthly basis if need arises. The Chair of the Board and Chair of Resources and Finance receive monthly accounts.

The termly financial reports are accompanied by a written narrative report from the Business Director covering any major issues currently arising and explaining any significant variances.

In monitoring the budget the Resources & Finance Committee proactively reviews priorities to assess whether it is necessary to reallocate funds to achieve the academy's objectives.

Any potential or actual budget overspends must be discussed with the Business Director and a solution found to where that overspend will be financed from.

Reporting Budget v Actual Results to the DFE

Smithills must submit budget monitoring returns to the DFE, on an accruals basis, at two stages in the accounting year.

By 31 March: A mid-year budget review statement must be submitted.

By 30 September: A provisional final outturn statement must be submitted setting out actual income and expenditure for the academic year just ended.

It is expected that the academy will be re-forecasting its budget mid-year - monitoring actual costs as part of the routine internal management accounting procedures and reflecting any significant changes.

The DFE may request additional financial and monitoring information with reasonable notice from the academy at any time.

10.2 Disclosure - Special payments

The school MUST disclose aggregate figures for transactions of any amount and separate disclosure for individual transactions above £5000 for

- Special payments – Severance
- Special payments - compensation
- Special payments – ex-gratia
- Writing off debts and losses
- Guarantees/letters of comfort and indemnity
- Gifts by the trust
- Disposal of heritage assets

- Acquisition or disposal of a freehold of land and buildings.

11. Accounting Policies

11.1 Format of financial statements

The standard format for the financial statements as required by the Companies Act 1985 schedule 4 part 1 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2015. (Charities SORP) and reflects the activities of the Academy.

11.2 Basis of Accounting

The academy prepares its financial statements in accordance with applicable accounting standards and the Charities SORP 2015.

11.3 Incoming Resources

Grants receivable are included in the Statement Of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

Any sponsorship income provided to the Academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable.

Donations are included in the statement of financial activities on a cash received basis

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Academy in the period in which they are receivable and where the benefit is both quantifiable and measurable.

Interest receivable is included within the statement of financial activities on a receivable basis.

11.4 Resources Expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They are classified under headings that aggregate all costs relating to that activity.

In accordance with the Charities SORP 2015, expenditure is analysed between the costs of generating funds, the Academy's charitable activities and governance. Items of expenditure which require more than one cost category are apportioned on a reasonable, justifiable and consistent basis for the cost category concerned

Governance costs include the costs attributable to the Academies compliance with constitutional and statutory requirements, including audit, strategic management and trustee meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

11.5 Fund Accounting

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the trustees

Restricted funds comprise grants from the DFE and other donors which are to be used for specific purposes.

11.6 Tangible Fixed Assets & Security of Assets

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over the expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets costing less than £2000 are written off in the year of acquisition. Assets over £2000 are capitalised.

Security of Assets –School should have adequate arrangements for ensuring that assets owned by the school are securely held so that there is no unnecessary risk of theft. An important tool in the prevention of loss of assets is the use of an inventory and therefore all schools must keep up to date inventories. **SEE Section 5 - Asset Register**

11.7 Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful economic lives.

No depreciation is provided on freehold land.

The principle annual depreciation rates used for other assets are

Freehold Buildings	2%
Long Leasehold Property	2%
Plant and machinery	10%
Furniture and Equipment	5% - 10%
Computer Equipment	20%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

11.8 Investments

The academy shows investments at cost in the balance sheet. Any investment **MUST** be tightly controlled and the trustees must have a policy in place that is robust enough to protect school funds from loss. Investment risk must be properly managed - especially in light of volatile financial markets.

11.9 Stock

Unused stationery, uniform and catering supplies are valued at the lower of cost or net realisable value.

12. Annual Audit and Account Processes

12.1 Introduction

As a charitable company, Smithills School must comply with company law as set out in the Companies Act 1985 (and subsequent Acts) and with charity law. This includes a requirement to prepare a trustees report and financial statements ('annual accounts') and to arrange for these to be independently audited by a registered auditor.

The financial statements are prepared to **31 August each year** and are required to give a true and fair view of the academies financial position at the balance sheet date and of the financial activities and cash flows for the period ended on that date. A pro-forma set of accounts are contained at Annex 5A in the Academies Financial Handbook.

In order to give a true and fair view the financial statements must be prepared according to the requirements not only of the Companies Act, but also applicable accounting standards and the current ***Statement of Recommended Practice - Accounting and Reporting by Charities ('the Charities SORP')***. They must also be prepared in accordance with the accounting policies agreed by the academies governing body.

The model format of accounts which is updated by the ESFA along with the annual accounts direction given by the same body will be used by Smithills MAT in completing its financial statements. The auditors will be expected to check that the accounts submitted to them by the academy are in the given format

The accounts will be independently reviewed before submission to the governing body and the auditors.

All recommendations made by the auditor in their annual *management letter* should be dealt with by the Resources Committee and referred to governing body in a timely manner to be considered as part of the accounts preparation process for the next year

12.2 Audit requirements

Academy trusts are subject to audit and review to give assurance to Parliament and the public that public funds are being used for the purpose intended.

12.3 Statutory audit

As set out in Part 2 of the Financial Handbook, because the Academy is required by law to produce audited accounts, the Board of Trustees appoints statutory auditors, who are registered under the requirements of the Companies Act, to conduct an audit (which is in compliance with the requirements of the Companies Act) and certify that the accounts are "true and fair".

The contract for the audit is in writing. This must take the form of a letter of engagement. The letter of engagement must only cover the external audit. If additional services are to be purchased, a separate letter of engagement must be obtained which must specify the precise requirements of the work and the fees to be charged.

The letter of engagement must provide for the removal of auditors before the expiry of the term of office in exceptional circumstances, notwithstanding the other terms of the contract. Proposals to remove auditors must require a majority vote of members of the trust board. If the auditors resign, there must be a requirement for them to state their reasons.

The trust board must notify the ESFA immediately of the removal or resignation of auditors. In the case of removal, the trust board must notify the ESFA of the reasons for the removal. In the case of resignation, auditors must copy to the ESFA a statement of their reasons.

12.4 Accounting Officers statement

An Accounting Officers statement on governance, regularity, propriety and compliance must be included in the Academy's annual report. This is a formal declaration by the Academy's Accounting Officer that they have met their personal responsibilities to Parliament for the resources under their control during the year. It includes a responsibility to ensure that public money is spent for the purposes intended by Parliament (regularity) and a responsibility to ensure that appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control (propriety), a responsibility to ensure good value for money and for the efficient and effective use of all the resources in their charge. The Accounting Officer also has a responsibility to advise the governing body and the ESFA of any instances of irregularity or impropriety, or non-compliance with the terms of the Academy's Funding Agreement. The format of the statement is included within the Accounts Direction which is issued annually.

12.5 Regularity audit

A review of the Accounting Officers statement must be included within the remit of the Academy's external auditors. This opinion will be addressed jointly to the Academy and to the Secretary of State through the ESFA. The ESFA will draw formal assurance from this regularity audit. Further information is included in the Annual Accounts Direction to Academies.

12.6 Financial management reviews

In order to gain assurance over the adequacy of financial arrangements governing the use of public funds by academies, the ESFA may choose to conduct financial management reviews. These will examine whether the systems and control mechanisms that exist in the Academy meet the requirements set out in the Academies Financial Handbook.

12.7 Internal audit, the responsible officer and nominated trustee review

The Academy has in place a process for independent checking of financial controls, systems, transactions and risks using the Responsible Officer.

This process is driven by the Resources & Finance Committee in the first instance and findings presented to the Risk & Audit Committee appointed by the board of trustees before being presented at the Full Board.

To further support the schools financial control, a Nominated Trustee for Internal Audit/Budget Review, will visit the Finance Office and Business Director termly as a critical friend, looking at budget, budget against actuals to date and any other area of financial interest.

The Resource & Finance Committee reviews the risks to internal financial control at the Academy and if necessary, agrees a programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.

13 Reporting Timetable to Government and other Regulatory Bodies.

13.1 Timetable for Financial Reporting

In general the timetable for financial reporting to the DFE is as follows:

By 31 December at the very latest (4 months after the end of the accounting year) hard copies of the audited accounts, comprising the trustees annual report and the financial statements, containing signatures of the board of trustees and auditor, should be submitted to the Department of Education.

As soon as possible after the above DFE deadline, but by no later than 30 June (10 months after the end of the accounting year), a copy of the trustees annual report and audited financial statements must be sent to the Companies Registrar.

Budget submission by 31st July for the following year

14 VAT

14.1 Introduction

Academies can recover all of their VAT expenditure in relation to their educational activities. Business VAT can only be recovered if the Academy is registered for VAT. Some of the Sport Centre community use does not allow full recovery of some VAT elements.

14.2 Procedure

VAT information will be captured in the nominal ledger from source documents.

The Academy shall currently submit claims for recovery of VAT quarterly

September to November claimed in December

December to February claimed in March

March to May claimed in June

June to August claimed in September

The Sport Centre Community use has an element of VAT that is non-recoverable. This is calculated by the MAT auditors and appropriate journal adjustment made when VAT payment received.

15. Investment

Investment Policy

Investments shall be limited to placing spare cash resources into a safe high interest bank account, which does not have a limit on accessibility. Any other investment will only be made on prior approval of the BMAT Board.

16. Fraud

The Secretary of State must be Notified

School must be aware of Fraud, theft and irregularity and address this risk by putting in place appropriate controls. The trust MUST notify the ESFA of any instance of fraud, theft or irregularity exceeding £5000 (single or cumulative). Details required – full event with dates, value of the loss, measures taken to prevent re-occurrence, if the matter was referred to the Police (and if not why), whether insurance offsets any loss. The ESFA retains the right to involve other parties to investigate. See also the ESFA guidance on [reducing fraud](#).

17. Risk Management

All Risk Assessments, Fixed Asset Register, Emergency Planning, INVAC/Lockdown Procedure and Business Continuity Plan is maintained within the Academy

The Site Manager is school's Health and Safety Officer and he maintains and reviews all the school's Risk Assessments, Risk Register/Emergency Procedures Plan, Lockdown Procedure and Business Continuity Plan on a regular basis, reporting termly to the Health and Safety Working Group. They are reviewed annually by the Senior Leadership Team, IT Manager and Business Director.

Fire Evacuation Procedures & the Lockdown Procedure (INVAC) are reviewed by the Vice Principal, who also arranges termly fire evacuation and INVAC test drills.

Where relevant assessments and plans are reviewed and signed off annually by the Resources & Finance Committee and reported as such to the Full board of Trustees.

18. Insurance

The trust must ensure that adequate insurance policies are in place to protect buildings, contents, motor vehicles and staff/pupils/trustees as necessary. Statutory public liability and employee's liability must be set at appropriate financial levels.

Trusts should consider opting into the Risk Protection Arrangement (RPA) unless a commercial insurance provider can provide better value for money. The RPA further provides a risk management audit - with recommendations from such audit mandatory or school would run the risk of any future claim being declined after consideration by the DfE/ESFA.

Currently, the school uses Zurich as they provide building works cover not currently provided by the RPA.

19 Computer Systems.

For details of the I.T controls and backup procedures used by the Academy see **APPENDIX 13**

20 Charitable Donation of Equipment

The Academy may agree to give assets bought for a proper purpose, but which are no longer needed for the conduct of its business, to a charity, up to a maximum value of £1,000 per single donation. Residual value of assets is determined by the greater of the written down value or market value.

21 Meeting Schedule – Appendix 14

21 Further Sources of Information

The **Appendices from 15** onwards contain reports and publications from the DFE/ESFA that may be useful sources of further information.

Internal Scrutiny in Academy Trusts – good practice Sept 2019

APPENDICES

14. Trust and Governing Board Procedures, Committees, Terms of Reference & Delegation Structures

- Risk and Audit Committee
- Pay Committee
- Resources & Finance Committee
- Sport Centre Committee
- Staff Appeals inc Grievance and Dismissal Committee
- Complaints Committee
- Nominated Trustee Remit

- 15. Value For Money – August 31st Statement
- 16. Organisational Chart
- 17. Lettings Policy
- 18. Anti-Fraud and Corruption Policy
- 19. BACS Authorisation Mandate
- 20. Credit Control Policy
- 21. Blank Purchase Order
- 22. Credit Card Policy
- 23. Blank Mileage Form
- 24. Procurement and Tendering Policy
- 25. School Development Plan/School Evaluation Form
- 26. I.T – Data Backup and Cyber Security Policy
- 14. Meeting Schedule
- 15. General information