

Financial Procedures Manual

2018



Outstanding
pupil experience

Excellence
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Impactful
teaching

Effective
partnerships

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1. Introduction

The purpose of this policy is to ensure that the drb Ignite Trust maintains and develops systems of financial control which conform to the requirements of both propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of each Academy's Funding Agreement with the Department of Education.

All Academies in the drb Ignite Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that guidance and forms the manual detailing information on the Trust's accounting procedures and systems and should be read by all staff involved with financial systems and accountability.

2. Principles

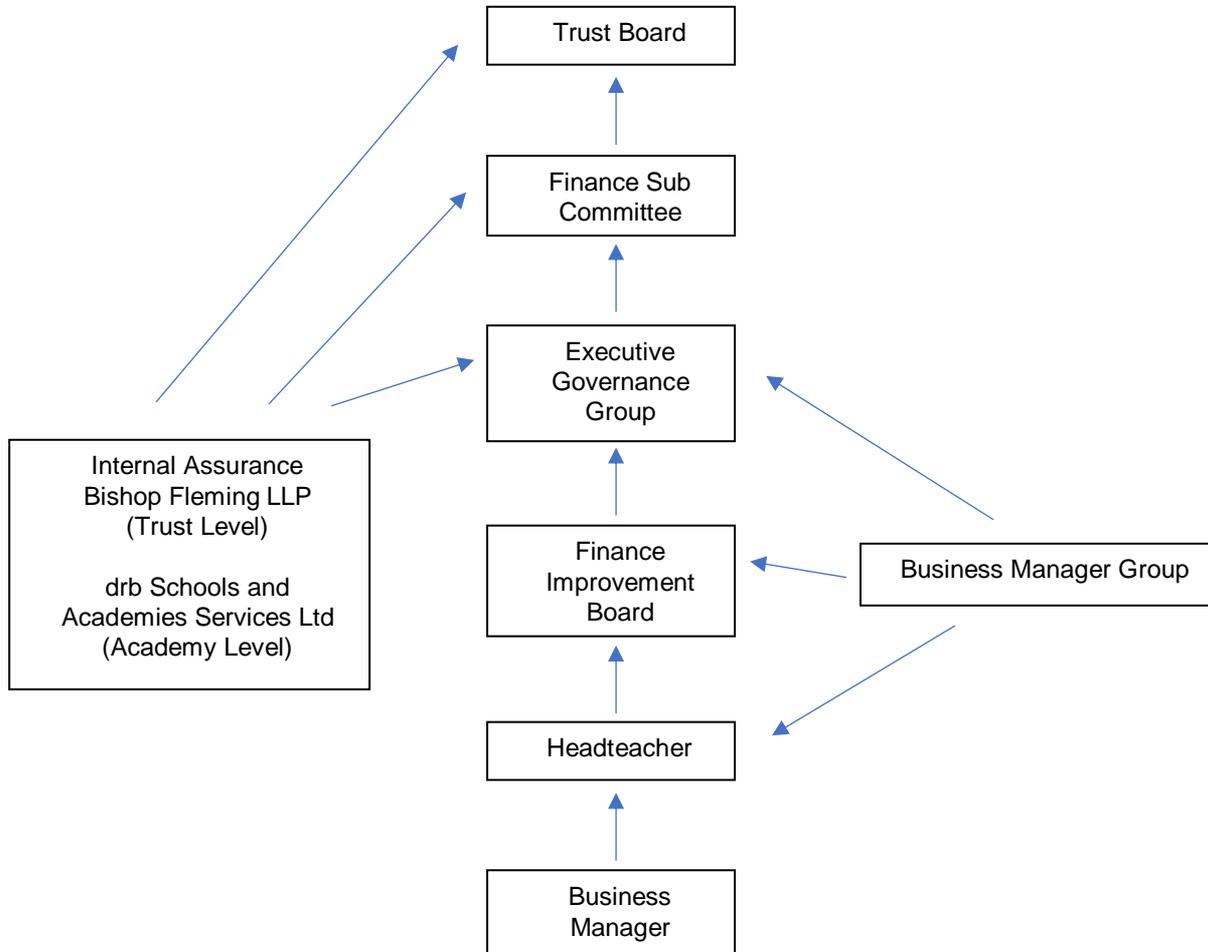
The drb Ignite Trust will manage their affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life (**AFH s3.1.13**)

- **Selflessness**
Holders of public office should take decisions solely in terms of the public interest
- **Integrity**
Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance or their official duties
- **Objectivity**
In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits
- **Accountability**
Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office
- **Openness**
Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interests clearly demand
- **Honesty**
Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests
- **Leadership**
Holders of public office should promote and support these principles by leadership and example

3. Organisation and Responsibilities

The Board of Trustees has defined responsibilities of each person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Executive Governance Group Members and staff.

3.1 Reporting Structure:



3.2 Executive Governance Group

Each Executive Governance Group will have an overview of each school budget within its Hub.

The EGG will not have any financial delegated financial authority for the budget, however will need the oversight for school improvement decisions.

3.3. Finance Improvement Board

The main duties and responsibilities of the Finance Improvement Board are to monitor and advise the Trust Board on the finance related aspects of the Trust's Performance Framework for each school and the Trust on a termly basis as detailed in their Terms of Reference, including:

- recommendations for approval of the annual budget for each Trust School
- the 3-year forecast for each Trust School, including staffing forecasts / structures, pupil projections and funding projections
- compliance of each Trust School with the requirements of the Trust Reserves Policy
- the impact of ringfenced funding on school standards i.e. Pupil Premium and Sports Premium
- the annual budget for each Trust School, showing variances to budget and projections for year-end
- school level Internal Assurance Reports
- compliance with statutory and other required processes including audit
- compliance with the current Academies Financial Handbook
- compliance with the Trust's Financial Procedures Manual and Governance Charter and Scheme of Delegation
- support to ensure 'best value' is achieved and resources are deployed effectively to support school standards and pupil progress

The Finance Improvement Board will hold each Trust School responsible for presenting their Monitoring Reports and Annual Budgets in line with the Academies Financial Handbook.

Each School will present at the Finance Improvement Board meeting the below information:

- Summary Financial Monitoring Report of the school detailing the initial budget, variance and outturn accompanied by set KPI's
- Detailed Monitoring Report which populates the above including balance sheet
- Annual Cashflow
- Updated Staffing Projections
- Virements Schedule
- Pupil Numbers (current, variance, forecast)
- Any planned financial leases or procurement activity that will require ESFA approval
- Any other key financial information as requested by the Finance Improvement Board

On a yearly basis, the Finance Improvement Board will hold a Budget Setting meeting where each school will present their draft budgets for the following financial year. The documents to be presented using the standard Trust budget setting pack are as follows:

- Projected outturn for the current financial year
- Proposed Budget Plan using the standard Trust reporting structure
- Funding documents to support projected income
- Staffing forecast for the financial year
- 3-year budget forecast and associated staffing forecasts
- Estimated Pupil No's in line with 3-year budget forecast
- Compliance with Trust Reserves Policy
- Analysis of any earmarked funds i.e. Pupil Premium / Sports Premium
- School Improvement initiatives
- Safeguarding priorities
- Capital items

Once the budgets have been agreed at the FIB, these will then be presented to the Finance Sub-Committee for scrutiny and finally approved and signed off by the Trust Board.

3.4. Chief Executive Officer / Accounting Officer (AFH s1.5.2, AFH s2.1.7)

The Chief Executive Officer (CEO) has overall executive responsibility for the academies under the drb Ignite Trust and also undertakes the role of Accounting Officer within the Trust. The essence of the role is:

- Ensuring regularity and propriety. (AFH s4.2.4)
- Keeping proper accounting records
- Prudent and economic administration
- The avoidance of waste and extravagance
- The efficient and effective use of available resources and
- The day to day organisation, staffing and management of the drb Ignite Trust

The CEO / 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 Trust Board is incompatible with the terms of the Academies Financial Handbook or the Funding Agreement
- The Trust Board appears to be failing to act when required to do so by the terms and conditions of the Academies Financial Handbook or Funding Agreement

3.5. Business Manager Group

The Business Manager Group (BMG) works in close collaboration with the CFO and CEO. The BMG also has direct access to the Senior Leaders Forum of the Trust.

The main responsibilities of the individual Business / Finance Managers are:

- To review the day to day management of financial issues including the establishment and operation of suitable accounting systems
- The management of the academies' financial position at an operational level
- The maintenance of effective systems of internal control
- Ensuring input into the production of the annual accounts
- Ensuring forms and returns are sent to the ESFA in line with their reporting deadlines
- Signing cheques / authorising BACs in accordance with the Bank Mandates
- Liaison with payroll, preparation of staff claims and reconciliation of payroll data from the Academies' payroll service provider
- Management of the Academies' Service Level Agreements
- Authorising orders and the award of contracts up to the amount stated in the Limits of Delegation (Appendix 1)
- Signing cheques as detailed in the scheme of delegation
- Debit Card Holder
- On-Line Banking & BACS Authorisation

3.6. Internal Assurance

Checks and balances need to be put in place to ensure that the financial management arrangements within the drb Ignite Trust are monitored. The ESFA requires an Internal Assurance Officer to be appointed to fulfil this role (AFH s4.1.1).

The Internal Assurance Officer is appointed by the Trust Board and is intended to provide an independent oversight of the central Trust financial affairs. The Trust has appointed Bishop Fleming LLP to undertake this role.

The main duties of the Internal Assurance visits are to provide the Trust with on-going independent assurance that:

- **Compliance:** review and assessment of how the Trust is addressing Annex C MUSTS as per the AFH, of the Fraud Policy and attitude to fraud, and how the Trust is addressing the Charity Commission CC8 checklist
- **Strategic:** review and Assessment of the Business Continuity Plan and Risk Register, new finance leases or loans, segregation of duties and scheme of delegation, succession planning, compliance visit reports and progress against recommendations, budgets, management accounts and reporting process and Board minutes
- **Governance:** progress against prior year Management Letter and prior period Internal Assurance Report, ensure website up to date and includes all relevant documents, ensure proper convening of Board Meetings and that they are quorate, ensure appointments / resignations of Trustees are updated on Companies House and Get Information about Schools, assessment of the related / connected party policy and ensuring all declarations of interest are received and a register of interests updated; and
- **Transactional:** testing over purchases, bank, credit cards, capital works, tendering, payroll, income and IT procedures

The Trust has appointed drb Schools and Academies Services Limited to act as an external body to independently undertake the duties of the Internal Assurance Officer for the academies within the Trust. The Internal Assurance Officer will carry out financial reviews to provide the Trust Board and indirectly the ESFA with the required assurance. These reviews will be undertaken termly. The Internal Assurance Officer will undertake the checks and balances in line with recommended practice and any checks that the academy specifically requires.

General areas for review will cover the following:

- Review that bank reconciliations have been carried out each month
- Review of monthly payroll to ensure that any changes have been appropriately authorised and agreed (refer to Finance, Personnel committee and SLT minutes)
- Check sample orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised
- Check of sample payments back to invoices, orders and delivery notes to confirm they are bona fide purchases
- Review a sample of expense claims to ensure the appropriate documentation to support the claim and that the claim is appropriately authorised
- Review returns to ESFA to ensure the information supplied is consistent with the underlying records and internal management reports
- Carry out spot checks of petty cash balances and supporting vouchers
- Review all major contracts and ensure formal tender procedures exist and are being followed

The Internal Assurance Officer will produce a full report after each visit to the Chief Financial Officer and these will be reported to the Finance Improvement Board and Finance Sub-Committee.

3.7 Front Office Admin Staff

The Front Office staff work in close collaboration with the School Business Manager.

The main responsibilities include:

- Day to day financial transactions.
- Cash collection.
- Weekly banking.
- Order and invoice processing.

3.8 Other Staff

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 conformity with the requirements of the Trust's financial procedures.

3.9 Register of Business Interests

It is vital that Trustees and staff act, and are seen to act, impartially. All Trustees are therefore required to complete a declaration of business interests. All senior staff including the CEO and CFO are also required to complete a declaration of business interests. **(AFH s3.1.16, AFH s3.2)**

Declarations should include all business and pecuniary (monetary) interests such as directorships, shareholdings and other appointments of influence within a business or other organisation. They should also include interests of related persons such as a parent, spouse, child, cohabitee, and business partner where that person could exert influence over a governor or member of staff.

Academies and the Trust must pay no more than 'at cost' for goods or services provided to it by persons with an interest in the drb Ignite Trust, ('services' do not include services provided under a contract of employment). Any services or goods provided by the connected party must have a schedule to prove the 'at cost' and 'open book' process to produce the cost **(AFH s3.2.13, AFH s3.2.15)**.

The existence of a register of business interests does not of course detract from the duties of the Trustees and staff to declare interests whenever they are relevant to matters being discussed by the Committee. Where an interest has been declared, Trustees and staff should not attend that part of the meeting. It is the role of the BM or Clerk to ensure the Register of Business Interests are up to date.

Trusts must obtain ESFA's prior approval, using ESFA's on-line form, for contracts for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise: **(AFH s3.10.6)**

- a contract exceeding £20,000
- a contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year ending 31 August
- a contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.

For the purposes of reporting to, and approval by, ESFA, transactions with related parties do not include salaries and other payments made by the trust to a person under a contract of employment through the trust's payroll **(AFH s3.10.7)**

4. Financial Planning (AFH s2.2)

The Trust has engaged the services of drb Schools and Academies Services Ltd to prepare both medium and short-term financial plans for each Academy. These plans are prepared to inform the Trust's strategic development planning processes for the next 3 years.

Each Academy's Strategic Plan identifies the development plan priorities over the medium term and the expected level of resources available. Each Academy's Annual Improvement Plan provides the framework for the annual budget. The Annual budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources during the year.

5. Annual Budget

The Business Manager, in conjunction with drb Schools and Academies Services Ltd and in liaison with their Headteacher is responsible for the preparation of the annual budget to present to the Finance Improvement Board. The Finance Improvement Board will recommend the budget each year for approval and forward firstly to the Finance Sub-Committee of the Trust and then to Board for approval **(AFH s2.2.2)**.

The approved budget must be submitted to the ESFA by the published timetable each year **(refer to Appendix 2)**. The BMG is responsible for establishing a timetable which allows sufficient time for the approval process and ensures the submission date published by the ESFA is met.

The annual budget will reflect the best estimate of the resources available to each Academy for the forthcoming year and will detail how those resources will be utilised establishing clear links to support the objectives identified in the School Development Plan.

The budget planning process will incorporate the following elements: -

- Forecasts of likely pupil numbers to estimate the amount of ESFA grant receivable.
- Review of other income sources.
- Review of past performance against budgets.
- Identification of potential efficiency and budget containment actions.
- Annual review of expenditure headings to reflect known changes and expected variations in costs e.g. pay increases, inflation, or other anticipated changes.
- Ensure the Reserves Policy is adhered to

Each draft budget should be presented to the Finance Local Improvement Board together with a supporting report for review. Once the budget has been approved by the Trust Board this should be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints and should be input on the school's finance system. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Any revisions should be reported to the Finance Improvement Board. Any substantial changes must be approved in accordance with the Scheme of Delegation and Limits of Delegation **(Appendix 1)**.

6. Budget Management (AFH s2.2.4)

The drb Schools and Academies Services consultant will ensure the reconciliation of all Bank Accounts and Budgets on a monthly basis.

The Finance Improvement Board will receive at least termly budget monitoring reports from the drb Schools and Academies Services consultant and monthly reports to the CFO and Chair of Trustees on current spend against budget and forecast outturn expenditure. Recommendations will be suggested regarding appropriate action to be taken to correct any significant over or under spending and plans formulated for consideration at the Finance Improvement Board.

The Headteacher may delegate elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the Academies as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to their Headteacher who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed. Any potential overspends against the budget must in the first instance be discussed with the BM or the drb Schools and Academies Services consultant.

The Finance Improvement Board will continually monitor the quality of the financial Information presented to the Committee to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative. The original Budget must be fixed in the financial accounting systems and up- to-date changes monitored against a virement record which will record in-year changes to allocations.

An audit trail of all virements made after the approval of the original budget must be made and reported to the relevant Committee and the Chief Financial Officer (**Appendix 1**).

7. Accounting Systems

7.1 Financial Accounting System (AFH s2.3.3)

The Trust uses the SIMS Accounting System. All academies financial transactions must be recorded using this system. Access rights within SIMS are defined for each user with a unique ID and password.

- All financial transactions relating to each Academy's budget must be recorded using SIMS.
- There must be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records must be stored for 7 years in accordance with the Companies Act 2006.
- Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use.
- Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified.
- All records should be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.
- The finance systems must be protected by robust back up procedures. Each system is backed up automatically on disc space held on site and also held off site which can be accessed remotely through each academy's normal back-up routines.

7.2 Transaction Processing

- All journal transfers and transactions in the Nominal Ledger will be processed by front office staff
- Cash Book journals will be transacted by the Business / Finance Managers or front office staff
- Fixed Asset transactions will be made by the Business / Finance Manager
- Orders on requisitions authorised will be raised by each Academy's front office staff
- Invoices will be processed ready for payment by academy's Front office staff
- Sales Ledger & Purchase Ledger transactions will be processed by each academy's Front office staff
- BACS or Manual Payments should be raised by the Business / Finance Manager and countersigned in accordance with the Bank Mandate.
- The Business / Finance Manager will obtain and review system reports to ensure only regular transactions are posted to the accounting system.
- The Business / Finance Manager / drb Schools and Academies Consultant will ensure monthly reconciliations in respect of the sales ledger; purchase ledger, payroll, nominal ledgers and cash book

8. Payroll

The main elements of the payroll system are:

- Staff Appointments
- Payroll administration
- Payments and monitoring

8.1 Staff Appointments:

Each academy approves a personnel establishment for their Academy which is known as the Staffing Structure and forms part of the Pay Policy. Material changes to the Staffing Structure of the Academy may only be approved by the Trust Board upon the proposal from the relevant Executive Governance Group who must ensure that adequate budgetary provision exists for any established changes and after the required period of consultation with unions and staff.

The Head Teacher has the authority to appoint staff within the authorised staffing structure, whilst following the appointment process as set by each Executive Governance Group every Autumn Term.

Each academy will maintain personnel files for all members of staff, which include contracts of employment.

8.2 Payroll Administration (AFH s3.1.22)

The Trust's payroll is outsourced to the relevant Local Authority (LA) for each of its Academies and run in-house for all central Trust employed officers.

All Payroll transactions relating to staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made to staff or visiting lecturers through any other mechanism. All new appointments, leavers, changes to contracts or personal details are notified to the LA using their New Starter / Employee Change / Leaver forms.

The changes to the Finance system will be made by the Business / Finance Manager following authorisation by the Headteacher. In the case of changes to the Headteacher's salary, the Trust Board and CEO should approve this as per the Scheme of Delegation. Copies should be retained on the employees personnel file.

All personnel files shall be stored in a lockable cabinet. Only the Headteacher, Business / Finance Manager and delegated front office staff will have access to staff files but individuals can request to see their own files in line with GDPR policies.

The Business / Finance Manager is responsible for keeping the staff personnel database up-to date.

Absence records are maintained weekly by the Business / Finance Manager. Both paid and unpaid leave is notified to the LA monthly and also recorded on the school's personnel system.

Staff claims for overtime must be signed by individual teachers, phase leaders and checked by the Business / Finance Manager. Claims for overtime / variance of grade of duties, casual claims and supply claims must be notified to the LA in the prescribed form. It will be countersigned by the Headteacher and sent to payroll in line with their cut off timetable.

8.3 Payments and Monitoring

All salary payments are made by BACS, DD or via BACSTEL. The LA submit payroll reports prior to salary payments being dispatched detailing costs and individuals' payment details. A BACS report is also submitted for each Academy. The Business / Finance Manager (BM) will undertake a sensibility check whenever possible to ensure the data does not contain major errors prior to salaries being paid.

The BM will undertake a reconciliation of all claims for additional hours / unpaid leave and investigate any differences between the previous months gross salary against the current months.

The payroll system automatically calculates the deductions due from salaries to comply with current legislation.

The LA are authorised to make DD / BACSTEL payments from each Academy's Bank Account for the amounts of the deductions to the following agencies: Local Government Pension Scheme, Teachers Pensions, Prudential Teachers AVC's, Unison & GMB by the 7th of the month following the pay run and to HMRC by the 19th of the month following the pay run.

The BM will enter the payroll data onto finance system via Journal Transfer at the earliest opportunity.

9. Value for Money (VFM) Procedures (AFH s3.1.3, AFH s3.7.7)

All orders for goods and services are subject to the following rules concerning quotes and tenders below:

Purchase level	Procedure
Less than £1,000	A price must always be obtained prior to any order being placed. This price should be attached to the purchase order and filed.
Low Value ~ between £1,000 and £2,500	At least two oral quotations should be obtained prior to any order being placed. These should be attached to the purchase order and filed alongside the rationale for selecting the chosen supplier.
Medium Value ~ between £2,500 and £10,000	At least three written quotations should be obtained prior to any order being placed. These should be attached to the purchase order and filed alongside the rationale for selecting the chosen supplier.
High Value ~ between £10,000 and £50,000	At least three formal quotations should be obtained in writing by a specified date and time and based on a written specification and evaluation criteria. These should be attached to the purchase order and filed alongside the rationale for selecting the chosen supplier. [The Headteacher can incur expenditure on single orders between £10,000 and £25,000 with the prior approval of the Finance Committee. The Headteacher can incur expenditure on single orders in excess of £25,000 with the prior approval of the Governing Body.]

Above £50,000 and up to OJEU threshold	Subject to a formal tendering process to include four tenders. The Trust Board may choose to waive the £50,000 limit, subject to an approved business case. Refer to Trust Board for template.
Above the OJEU threshold (currently £181,302 from January 2018)	Subject to a formal OJEU tendering process to include five tenders. If school wishes to enter into multiple contracts to fulfil the same requirement, then the value of those contracts will be aggregated together to decide whether it crosses the threshold. The rules are very specific about this: when offering public sector tenders contractors must not enter into separate contracts below the thresholds in order to avoid having to apply the regulations.

9.1 Recurring Services - Cost versus Benefit

When identifying low value specialist support contracts, the Trust is to assess the cost of tendering against the cost saving potential of undertaking a tender exercise. This process will only apply if the following criteria are met:

1. The proposed service provider is contracted on a daily rate with a value not exceeding £650.00 per day
2. The contracted days per annum are variable depending on the Trust's specific requirements
3. The cumulative value of invoices raised in any contracted year does not exceed £10,000.
4. The potential cost savings generated through the tendering process, are outweighed by the cost of undertaking that process

If the value of the service provision is anticipated to exceed the £10,000 threshold, the procurement route identified within the Financial Procedures Manual **Section 9 "Value for Money"**, **must be followed**

10. Forms of Tendering

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

10.1 Open Tender

This is where potential suppliers are invited to tender. The budget holder must discuss and agree with the Business Manager how best to advertise for suppliers. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

10.2 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,
- A large number of suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the academy requirements,
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

10.3 Negotiated Tender:

The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- The above methods have resulted in either no or unacceptable tenders,
- Only one or very few suppliers are available,
- Extreme urgency exists,
- Additional deliveries by existing supplier are justified

10.4 Preparing for Tender

Full consideration should be given to:

- Object of project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract

It will be necessary to rank all the requirements and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

10.5 Invitation to Tender

An invitation to tender should include the following:

- Introduction / background
- Scope and objectives of the project
- Technical requirements
- Implementation of the project
- Terms and conditions of the tender
- Form of response

10.6 Aspects to Consider

Financial:

- Comparison of like with like cost and if a lower price means a reduced service or lower quality this should be borne in mind when reaching a decision
- Hidden costs – care should be taken to ensure tender price is the total price.
- Is there scope for negotiation?

Technical

- Qualifications of contractor
- Experience
- Descriptions of technical and service facilities
- Compliance to CDM
- Certificates
- Quality control procedures
- Details of previous sales and references

Other considerations

- Pre-sales demonstrations
- After sales service
- Financial status of supplier

10.7 Tender Acceptance Procedures

The tender invitation will state the time and date by which the completed tender document should be received by the relevant Academy. Tender submissions should be:

- received in plain envelopes clearly stating they contain tender documents they must be
- Date stamped and marked with the time of receipt
- Store, unopened, in a secure place prior to tender opening
- Tenders received after the deadline should not normally be accepted

10.8 Tender Opening Procedures

All tenders should be opened at the same time and tender details should be recorded and signed. Two persons should be present at the opening of the tenders this would normally be the BM and the Headteacher. In some circumstances, this could be delegated to an agent who has been employed by the Academy to undertake the tendering process i.e. a firm of architects.

10.9 Tender Evaluation Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, which may influence their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.

Those involved must take care not to accept gifts or hospitality from potential suppliers that could be seen to compromise their independence.

The accepted tender should be one that is economically most advantageous unless it can be demonstrated that this is not the best option for the Academy and other factors outweigh any monetary savings.

10.10 Conflict of Interest

Any conflict of interest will be managed in accordance with the drb Ignite Trust Conflict of Interest policy, to ensure compliance with the Academies Financial Handbook **(AFH 1.5.13, and AFH s3.1.11 to AFH s3.1.20)**

Each identified conflicts of interest, will have a dedicated management plan incorporated into the Roles and Responsibilities of the trustees as per **AFH s1.5.13 and AFH s1.5.23**, and the Conflict of Interest policy. The management plan will detail the permitted remit and restrictions against the trustee within the board decision making process.

11. Purchasing

The Trust will aim to achieve best value for money for all its purchases ensuring that services are delivered in the most economical, efficient, and effective way, within available resources, and with independent validation of performance achieved wherever practicable. The Headteacher is responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services by following the general principles of:

- Probity – an approach to all interested parties in the disclosure of information that lends itself to necessary scrutiny
- Accountability – the process whereby individuals are responsible for their actions and decisions.
- Fairness – that all those dealt with by the Trust are dealt with on a fair and equitable basis.

The BM will ensure that there is a clear separation of duties within the process.

11.1 Orders for goods and services

Academy staff should raise a request to order goods or services using a requisition form available from the school.

Where the value of an order is over £5,000, the requisition must be accompanied by evidence of an appropriate number of formal quotations and proof that a Value for Money (VFM) exercise has taken place – as per section 10. Orders will be authorised only if the VFM documentation is present and correct.

Advice about suppliers or obtaining best value is available from the BM.

- Upon receipt of a requisition form the requisition must be authorised by a signatory in line with the Authorised Signatories (**Appendix 1**).
- Official orders will be raised through the finance system (SIMS) and faxed, emailed, or posted to the supplier.
- Telephone / direct verbal ordering will be permitted only in situations where raising an official order is not practicable and always with prior approval from the BM. In such cases, a confirmation order will be raised as soon as possible, normally within 24 hours.
- Requisition forms must be attached to the generated order.

11.2 Delivery of Goods and Services

- On receipt of goods a member of the relevant Academy's office staff will check the goods received, match the delivery note and sign the note to confirm this.
- The office staff will check the delivery note against the original order to ensure the correct goods have been dispatched and then attach the delivery note to the original requisition form in the file
- The member of staff will raise any discrepancies with the front office staff for investigation
- The office staff will despatch goods to the staff who requested the goods
- The member of staff who requested the goods must ensure that the goods received are of acceptable quality any goods that rejected must be notified to the BM within 2 days of delivery.
- The signed delivery note should be attached to the invoice

11.3 Borrowing (**AFH s3.4**)

In line with funding agreements, academies and the Trust must seek ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

12. Payment of Accounts

12.1 Processing of Invoices

Payment for supplies and services will be paid upon receipt of an invoice when:

- It is confirmed that goods or services have been received and are of the quality expected as per section 11
- The invoice is arithmetically correct
- Prices are correct
- VAT has been treated correctly

Any copy invoices will be checked thoroughly before processing for payment, in order that duplicate payment can be avoided.

At least two people must be involved in the process of agreeing invoices and authorising payment. The front office staff will do the above checks and pass to the BM for authorisation. The BM will authorise the payment of the invoice. All invoices are to be processed through the finance system, payments generated via BACS and authorised in accordance with the Bank Mandate.

12.2 Payments to individuals

Payments can be only made to individuals on production of proof that they are self-employed. They should produce proof of their Unique Tax Reference. (UTR). If they cannot provide proof of this, payment cannot be made to the individual via an invoice and they can only be paid via payroll and therefore must complete all the normal pre-employment checks.

Any sole trader / self-employed supplier must be assessed through the HMRC IR35 ESS Test Assessment Tool – <https://www.tax.service.gov.uk/check-employment-status-for-tax/setup>

13. Other Purchases

The Trust recognises that there are instances when it is not possible to process orders for goods and services in the normal way and items such as ingredients for cookery may have to be purchased and claimed back. Staff must always obtain prior approval before making any purchases that they require reimbursement for.

13.1 Internet Purchases & Debit Card Purchases

Internet & debit card purchases need a debit card pro-forma completed and authorised before a purchase is made:

- Requisitions are required as per 'ordering goods and services' procedures above.
- The BM or Headteacher holds the debit card for orders placed over the internet
- The transaction is recorded on a 'Debit Card' summary spreadsheet as soon as possible and the transaction reference number recorded on the documentation.
- The transaction is then entered on the finance system
- The debit card should be held securely by the cardholder at all times and the PIN code not disclosed to any other party

13.2 Reimbursements to individuals

For reimbursement of cash transactions:

- Requests for reimbursement to individuals are to be made on the Request for Reimbursement Form and MUST be supported by receipts for the goods/services received.
- Reimbursement may be refused if the BM considers maverick purchasing methods have been used, or the member of staff did not seek prior approval
- The person being reimbursed signs for receipt of the reimbursement
- The reimbursement is recorded in SIMS as soon as possible and the transaction number recorded on the documentation

14. Income

The main sources of income for the Trust are the grants from the ESFA and the Local Authority. The receipt of these funds is monitored by the BM who are responsible for ensuring all grants due to the Academies within the Trust are collected.

14.1 Income collected by the Trust Academies

Each Academy collects income from parents or the public for:

- School Meals
- Trips and residential visits
- Breakfast & After School Club
- Other miscellaneous income including school fund donations

Each Front office staff and Lunchtime Administrators are responsible for the day to day administration of the collection of Income.

14.2 Trips / Activities

A lead teacher must be appointed for each trip. For every trip or activity an On / Off Site Activities form must be completed. The relevant Front office staff is responsible for budgeting for the trip and collecting the sums due and liaising with the Lead Teacher over amounts outstanding. There must be evidence that there is no intention to make a profit from any trip or activity.

Cash / cheques sent in via pupils must be placed in the class collection boxes which are taken to the office each morning. Parents may also pay at reception. All payments are recorded in the class payments book and on the relevant income spread sheet.

14.3 Lettings

Refer to the Trust's Lettings Policy, Rental Agreement and the Remissions and Charges Policy

14.4 Custody

All cash and cheques must be held in each Academy's Finance Office safe prior to banking. Banking will take place weekly. Banking is collected by a secure cash collection company weekly during term time.

Each Academy's finance assistant and lunchtime administrators are responsible for preparing paying-in documentation. A summary of the weekly banking should also be recorded in the school office. The finance assistant should input the banking amounts into SIMS and the Business Manager should complete reconciliations between sums collected, the sums deposited at the bank and the sums posted to the accounting system during routine month end procedure.

14.5 Debtors (AFH s3.6.2)

Debts under £50 may be written off by the Headteacher.

Debts over £50 may be written off only with the approval of the Trust Finance Committee. Write-off 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 trusts that have 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; and
- cumulatively, 5% of **total annual income** in any one financial year per **category of transaction** for any academy trusts that have submitted

Debts above the level as detailed in the funding agreement must be submitted to ESFA for approval to be written off.

The following debt recovery process will be applied:

- If payment has not been received 30 days after invoice a reminder will be sent asking for payment within 7 days.
- If payment is not forthcoming, a further reminder will be sent, requesting immediate payment or contact to arrange repayment by instalment.
- If payment is still not forthcoming, for debts over £100, a letter will be issued to put the matter into the hands of legal representatives if payment is not received within the next 7 days.
- If not received after 7 days, legal representatives will be asked to pursue the debt and the debtor will be notified accordingly.
- Debts of £100 and less will be pursued without reference to legal representatives and will be reported on at Finance Committee meetings where Governors will decide on action to be taken.

15. Cash Management

15.1 Bankers

The Trust has appointed Lloyds as their bankers for all funds. The opening of all bank accounts must be authorised by the Trustees who must set out in the Scheme of Delegation the arrangements covering the operation of accounts. This should include any transfers between accounts, cheque signing arrangements and the operation of systems such as BACS which must also be subject to the same level of control.

15.2 Deposits

Particulars of any bank deposit must be entered on a paying-in slip and should include:

- The amount of the deposit
- Breakdown of cash
- Cheques must have a separate paying-in slip

The copy of the slip retained in the paying-in book should include:

- The amount of the deposit
- Details and ledger code for the type of income
- The Security Plus Collection Bag Reference Number
- Signature of person preparing the banking

Summary of weekly banking must include

- Bag numbers and the amount
- Security collection receipt attached

15.3 Payments and withdrawals

All cheques and other instruments authorising withdrawal from any of the Academies' bank accounts must bear signatures / electronic signatures in line with the scheme of delegation.

15.4 Bank Reconciliations (AFH s2.3)

The Business Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures will ensure:

- All bank accounts are reconciled on SIMS
- Adjustments and queries are dealt with promptly.

15.6 Debit Cards / Purchasing Cards

Debit / purchasing cards are issued for the purposes of paying for goods and services when the normal ordering processes are not possible.

Card Holders will:

- Ensure cards are held securely and should be in their school's safe when not in use
- Ensure PIN numbers are not disclosed to any other persons
- Report any instances of unauthorised card use to their Finance Committee
- Report the loss of card or PIN details to the Bank immediately

15.7 Cash Flow Forecasts

The Business Manager / drb Schools and Academies Services Consultant is responsible for preparing cash flow forecasts to ensure that each Academy has sufficient funds available to cover day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

15.8 Investments (AFH s2.2.8)

Investments must be made only in accordance with written procedures approved by the Trustees under a separate Investment Policy.

15.9 Reserves

The Budget is managed in line with the Trust's Balances and Reserve Policy which is reviewed annually.

16. VAT

16.1 VAT Claims

Each Academy is registered for VAT. Under legislation VAT claims can be made on expenditure supporting the Academies' core business purposes. Claims will be made to the HMRC by the Trust CFO on a monthly basis.

17. Fixed Assets (AFH s3.8)

The treatment of Fixed Assets is detailed in the Trust's Fixed Assets Policy.

18. Inventory Records

The inventory is the responsibility of the Business Manager to maintain and will be kept up to date at all times.

19. Computer Systems

Systems should be in place to protect key computer data and control features will include:

- Back-up Procedures
- Passwords
- Disaster recovery plans

20. Reporting to the ESFA (Appendix 2), (AFH s4.7.4)

20.1 The Trust will notify DfE through 'Get Information about Schools' (GIAS) database, of the appointment or vacating of the positions of:

- Member
- Trustee
- Local governor
- Chair of trustees
- Chairs of local governing bodies
- Accounting Officer
- Chief Financial Officer

All notifications must include direct contact details and be notified within 14 days of that change. Notification must be made through the governance section of DfE's GIAS which is accessed via Secure Access. All fields specified in GIAS for the named individuals must be completed.

20.2 Each Academy is required to submit reports to the ESFA in the following area:

- Financial Management and Governance

Appendix 1 – Limits of Delegation and Authorised Signatories

Authorising Orders for Goods and Services, Authorising Payments & Entering into Contracts

Position	Name	Limit / Restriction
School Business Manager	N/A	Up to £5,000
Headteacher	N/A	Over £5,000 to £20,000 Subject to three quotations
Chief Financial Officer	Chris Finnerty	Over £20,000 to £35,000 Subject to three quotations and accompanied by Business Case
Chief Executive Officer	Robert Bowater	Over £35,000 to £50,000 Subject to three quotations and accompanied by Business Case
Finance Sub Committee	Ian Swain	Over £50,000 Subject to three quotations and accompanied by Business Case

Authorisation to Make Virements from Reserves or Between Cost Centres

Position	Name	Limit / Restriction
School Business Manager	N/A	Up to £5,000
Headteacher	N/A	Over £5,000 to £10,000
Chief Financial Officer	Chris Finnerty	Over £10,000 to £20,000
Chief Executive Officer	Robert Bowater	Over £20,000 to £30,000 accompanied by business case to additional spend
Finance Sub Committee	Ian Swain	Over £30,000 accompanied by business case to additional spend and recorded in minutes

Users of SIMS Financial Management System

Position	Name	Limit / Restriction
School Business Manager	N/A	System Administrator
Chief Financial Officer	Chris Finnerty	Read only access to reports
Headteacher	N/A	Full Access
Financial Administrator	N/A	Enter and authorise depending on segregation of duty

Certification of Payroll Documents

Position	Name	Limit / Restriction
Business Manager	N/A	To authorise pay awards (with the exception of the Headteacher) once approved by committee
Headteacher	N/A	All new starter / contract change forms re payroll Sign off of summary of add hours / supply claims

Certification of Travel Claims

Position	Name	Limit / Restriction
Business Manager	N/A	£50 per claim
Headteacher	N/A	Claims over £50 and any BMT claims

Trust Charge Card authorisation

Position	Name	Limit / Restriction
Chief Financial Officer	Chris Finnerty	Up to £1,000 of CEO charge card claims
Chief Executive Officer	Robert Bowater	Up to £1,000 of CFO charge card claims
Finance Sub Committee	Ian Swain	Over £1,000 of both charge card claims

Authorisation to Write Off Bad Debts

Position	Name	Limit / Restriction
Headteacher	N/A	Up to £250
Finance Sub Committee	Ian Swain	Over £250 recorded minutes
Secretary of State	N/A	Detailed in Funding agreement

Completion of VAT Returns

Position	Name	Limit / Restriction
Chief Financial Officer	Chris Finnerty	Monthly Return

Capital Expenditure using Revenue income

Position	Name	Limit / Restriction
Business Manager	N/A	N/A
Headteacher	N/A	N/A
Chief Financial Officer	Chris Finnerty	Up to £50,000 (Any expenditure of this kind will need a business case of why the Devolved Formula Capital fund and Schools Allocation Grant do not cover this request)
Finance Sub Committee	Ian Swain	Over £50,000

Appendix 2 – ESFA Financial reporting calendar



Education & Skills
Funding Agency

Academies planning calendar

A summary of key dates and actions relating to academy funding,
finance and trust compliance with their funding agreement.



Department for Education

September 2018	October 2018	November 2018	December 2018
<p>Information</p> <ul style="list-style-type: none"> Academies Financial Handbook 2018 comes into effect Condition Data Collection programme site visits commence (ongoing until autumn 2019) 	<p>Trust action</p> <ul style="list-style-type: none"> Complete autumn school census Academies must publicly consult by 31 January on proposed changes to admission arrangements for entry in September 2019 or if they have not consulted in the past 7 years <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA issues guidance on the 2017 to 2018 academies accounts return by 1 October ESFA issues guidance on the Condition Improvement Fund (CIF) 2018 to 2019 ESFA issues PE and sport premium conditions of grant and allocations for 2018 to 2019 academic year <p>Payment</p> <ul style="list-style-type: none"> ESFA makes the second quarterly pupil premium payment for the 2018 to 2019 financial year 	<p>Trust action</p> <ul style="list-style-type: none"> Deadline for new CIF 2018 to 2019 applicants to register on the online portal Complete land and buildings collection tool (LBCT) by 5 November 2018 	<p>Trust action:</p> <ul style="list-style-type: none"> Trusts submit their 2017 to 2018 audited financial statements and auditor's management letter by 31 December Deadline for bids for CIF 2018 to 2019 <p>Announcement</p> <ul style="list-style-type: none"> DfE announces schools revenue funding settlement for the next financial/academic year (2019 to 2020)
<p>Trust action</p> <ul style="list-style-type: none"> Complete spring school census Trusts submit their 2017 to 2018 accounts return by 22 January Trusts publish their 2017 to 2018 audited financial statements on their website by 31 January <p>Payment</p> <ul style="list-style-type: none"> ESFA makes the third quarterly pupil premium payment for the 2018 to 2019 financial year 	<p>Trust action</p> <ul style="list-style-type: none"> Academies must determine their admission arrangements for entry September 2019 by 28 Feb Academies must publish their admissions appeals timetable for 2019 on their website by 28 February <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA confirms exceptional 2018 to 2019 post-16 in-year growth outcomes, and where academies receive growth as a result of a Letter of Comfort ESFA issues guidance on 2019 to 2020 funding allocations for open academies ESFA issues guidance on the 2017 to 2018 academies budget forecast return (BFRO) ESFA issues Year 7 catch-up premium conditions of grant and allocations for 2018 to 2019 financial year 	<p>Trust action</p> <ul style="list-style-type: none"> Academies must publish their admission arrangements for entry in September 2019 on their website and send a copy to their local authority by 15 March <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA issues academy revenue funding allocations for 2019 to 2020 by 31 March ESFA issues 16 to 19 allocations, including student support (16 to 19 Bursary Fund and free meals in further education where applicable) ESFA publishes 16 to 19 student support eligibility and operational guidance ESFA publishes CIF outcomes 	<p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA makes live the form for trusts to claim national non-domestic rates (NDR) for the 2019 to 2020 financial year ESFA publishes 16 to 19 funding regulations guidance and 16 to 19 funding rates and formula guidance for 2018 to 2019 <p>Payment</p> <ul style="list-style-type: none"> ESFA makes the final quarterly pupil premium payment for the 2018 to 2019 financial year
<p>Trust action</p> <ul style="list-style-type: none"> Complete summer school census Trusts submit their 2017 to 2018 budget forecast return: outturn (BFRO) by 18 May Trusts must submit their audited financial statements to Companies House within 9 months of the end of the accounting period which is 31 May <p>Published guidance</p> <ul style="list-style-type: none"> ESFA issues the 2018 to 2019 academies accounts direction ESFA issues guidance on the 2018 to 2019 budget forecast return (BFR) 	<p>Published guidance</p> <ul style="list-style-type: none"> DfE publishes academies sector annual report and accounts (SARA) ESFA issues guidance on the 2018 to 2019 academies budget forecast return (BFR) ESFA issues the 2019 Academies Financial Handbook <p>Payment</p> <ul style="list-style-type: none"> ESFA makes final payment for universal infant free school meals (UIFSM) for 2018 to 2019 academic year 	<p>Trust action</p> <ul style="list-style-type: none"> Trusts submit their 2018 to 2019 budget forecast return (BRF) by 27 July <p>Published guidance</p> <ul style="list-style-type: none"> ESFA refreshes the 16 to 19 interactive census tool on GOV.UK ESFA publishes the 16 to 19 sub-contracting controls guidance for 2018 to 2019 <p>Payment</p> <ul style="list-style-type: none"> ESFA makes the first quarterly pupil premium payment for the 2019 to 2020 financial year 	<p>August 2019</p>