



**PONTEFRACT**

ACADEMIES TRUST

## **Financial Regulations & Scheme of Financial Delegation**

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## 1. Introduction

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- 1.1 Pontefract Academies Trust (the Trust) was created under the provisions of the Academies Act 2010, as amended by the Education Act 2011. Its structure of governance is constituted under the articles of association. The Trust is an exempt charity by virtue of the Charities Act 2011.

The Funding Agreement between the Department for Education (DfE) and the Trust sets out the terms and conditions on which grant is made. The Trust Board is responsible for ensuring that the conditions of grant are met. As part of this process the Trust is required to have in place appropriate arrangements for sound governance, financial management, securing value for money and accounting, and for using public funds for the purposes for which they were intended by Parliament.

This document sets out the Trust's financial regulations. These financial regulations are subordinate to the Trust's articles of association and to any restrictions contained within the Trust's funding agreement with the DfE and with the Academies Financial Handbook. In particular, where the Education Skills and Funding Agency (ESFA) has concerns about financial management and/or governance in an academy trust (including a multi-academy trust or constituent schools within a multi academy trust) it may issue a Financial Notice to Improve (FNtI). The trust **must** comply with all the terms of an FNtI. If a FNtI is issued to the Trust, then all of the delegated authorities and other freedoms in the funding agreement are revoked and in turn the delegated authorities and freedoms in this document.

- 1.2 The purpose of these financial regulations is to provide control over the totality of the Trust's resources and provide management with assurances that the resources are being properly applied for the achievement of the Trust's aims and objectives on a sustainable basis, including:

- Maintaining financial sustainability
- Achieving value for money
- Fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- Ensuring that the Trust complies with all relevant legislation
- Safeguarding the assets of the Trust

- 1.3 Compliance with the financial regulations is compulsory for all individuals connected with or employed by the Trust. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Trust's disciplinary procedures. It is the responsibility of Executive Leaders and Headteachers to ensure all staff under their management are made aware of the existence and content of the Trust's financial regulations and understand how to operate within them.

- 1.4 The Finance and General Purposes Committee of the Trust Board is responsible for maintaining continuous review of the Financial Regulations, through the CFO, and advising the Trust Board of any additions or changes necessary.

In exceptional circumstances, the Chief Executive Officer (CEO) may authorise a departure from the detailed requirements of the approved financial procedures and scheme of delegation, such departure will be reported to the Trust Board at the earliest opportunity.

## 2. Organisation

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### 2.1 Accountability Framework

The Trust has defined responsibilities for 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 members, trustees, and staff.

### 2.2 The Members

The Members of the Trust comprise of:

- The signatories to the Memorandum (founding members)
- Members appointed by existing Members

An employee of the Trust will not also be a Member.

The Members are responsible for appointing/ and removing (in certain circumstances) the Trustees of the Trust. Members can amend the articles and may do so to support stronger governance arrangements (subject to any restrictions in the articles or in the Trust's funding agreement or charity law).

The Members are responsible for appointing the Trust's external (financial statements and regularity) auditor, and they have a right to receive the annual report and financial statements.

The Members have the power to change the name of the company and, ultimately, wind up the Trust.

The Members are responsible for holding an Annual General Meeting (AGM) at a time and place appointed by Trustees, further (extraordinary) general meetings may be called by the Trustees or Members. The members will maintain an 'eyes on and hands off' role to avoid compromising the Trust Board discretion.

### 2.3 The Trustees

The Trustees (who are also directors of Pontefract Academies Trust for the purposes of company law) are responsible for the strategic oversight of management and administration of the Trust but delegates management responsibilities through the Scheme of Delegation. The Trustees must understand their statutory duties as company directors set out in the Companies Act 2006. These comprise the duties to:

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

## 2. Organisation

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The Trustees will take full responsibility for the financial affairs and efficient use of resources to maximise outcomes for pupils. The Trustees and its committees will meet regularly enough to discharge their responsibilities.

The main financial responsibilities are to:

- Appoint the Chief Executive Officer (CEO) and hold him/her to account for the performance of the Trust. This role will formally include the designation of the Accounting Officer for the Trust;
- Appoint to the designation of Chief Finance Officer (CFO) in conjunction with the Chief Executive Officer;
- Appoint to the designation of company secretary/clerk to the board in conjunction with the Chief Executive Officer and who is someone other than a member of the Trust Board;
- Develop policy and strategic plans including target setting
- Agree policies for the sound management and administration of the Trust
- Allocate the Trust's financial, human and other resources
- Ensure decisions about levels of executive pay follow a robust evidence based process and are published in accordance with paragraph 2.32 of the Academies Financial Handbook;
- Producing a Scheme of Delegation for the management of the Trust
- Ensuring compliance with legal requirements
- Ensuring sound management of the Trust's finances and resources
- Ensure adequate insurance cover in compliance with legal obligations
- Setting the Trust's standards of conduct and values
- Establishing and maintaining a transparent system of prudent and effective internal controls
- Accounting to parents/carers and other stakeholders for the performance of the Trust
- approving arrangements for independent check of internal controls
- Avoid any conflicts which may influence their duties as Trustees of the Trust
- Prepare the annual report and accounts in accordance with relevant Company Law, Statement of Recommended Practice, and DfE guidance for presentation to members at their AGM
- Comply with obligations to make annual returns to Companies House and the Principal Regulator within the specified deadlines
- To approve the annual budgets proposed by the CEO
- To establish an Audit and Risk Committee receive reports from External/Internal Audit including those relating to the effectiveness of financial controls and management

### 2.4 The Trust Board - Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Trust Board which is independent (i.e. does not include the CEO or Chair of the Trust Board), advisory, and reports to the Trust Board. It has the right of access to obtain all information it considers necessary and to consult directly with the internal and external auditors.

It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency, and effectiveness. It also has a role in reviewing the Trust's systems of internal control and risk management.

## 2. Organisation

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### 2.5 The Trust Board - Finance and General Purposes Committee

The Finance and General Purposes Committee is a sub-committee of the Trust Board which will undertake detailed monitoring of the Trust's financial position and financial control systems including:

- To examine annual estimates and accounts (including the accounting policies upon which they are based) and make recommendations to the Trust Board prior to their approval.
- To ensure that short-term budgets are in line with agreed longer-term plans and that they are followed.
- To consider any other matters relevant to the financial duties of the Trust Board and make recommendations accordingly.
- To ensure that the Trust Board has adequate information to enable it to discharge its financial responsibilities.

### 2.8 The Chief Executive Officer (CEO) (Accounting Officer)

The CEO is designated by the funding agreement as the Trust's Accounting Officer and is personally responsible to the Trust Board and Secretary of State for ensuring that the financial administration of the Trust's affairs is in accordance with the Funding Agreement and/or Articles of Association. This responsibility cannot be delegated and should be carried out by an employee of the Trust unless the ESFA has approved otherwise due to exceptional circumstances. Particular responsibilities include:

- Ensuring regularity and propriety
- Ensuring prudent and economical administration
- Avoiding waste and extravagance
- Securing Value for Money through the efficient, effective and economical use of available resources
- The day to day organisation, staffing and management of the central Trust

In this capacity the CEO must advise the Trust Board if, at any time, any action or policy under consideration by them appears to be incompatible with the Funding Agreement and/or Articles of Association.

The CEO (accounting officer) must complete and sign a statement on regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts. The CEO (accounting officer) must also demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.

The CEO (accounting officer) must take personal responsibility for assuring the Trust Board that there is compliance with the funding agreement and Academies Financial Hand Book, and advise the Trust Board in writing if any action it is considering is incompatible with the articles, funding agreement or handbook and in circumstances where the Board cannot justify their action the CEO (accounting officer) will notify the ESFA immediately in writing.

The CEO must share all communications from the ESFA starting 'Dear Accounting Officer' with the Trust Board and other senior leaders.

## 2. Organisation

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### 2.9 The Chief Finance Officer (CFO)

The Trust Board must appoint to the designation of Chief Finance Officer (CFO) to whom the detailed financial procedures is delegated. The CFO designation should be assigned to an employee of the Trust unless the ESFA has approved otherwise due to exceptional circumstances. The CFO designate and their finance staff must be appropriately qualified and/or experienced. The CFO will play both a technical and leadership role including ensuring:

- The preparation of medium term/annual capital and revenue budgets and financial plans
- The preparation of monthly management accounts, management information, monitoring and control of expenditure against budgets and all financial operations for consideration by the CEO and Chair of the Trust
- The preparation of the Trust's annual accounts and other financial statements which the Trust is required to submit to the DfE/ESFA or other authorities
- The maintenance of satisfactory financial systems
- Professional advice on all matters relating to financial policies and procedures
- Day to day liaison with internal and external auditors in order to achieve efficient processes
- Day to day liaison with the Trust's bankers in relation to the Trust's bank accounts including authority to open/close accounts

### 2.10 Company Secretary/Clerk to the Board

The Trust Board must appoint to the designation of Company Secretary/Clerk to the Board who has the requisite knowledge and experience to discharge the functions of secretary of the company. The Company Secretary/Clerk to the Board will be responsible for maintaining up to date records and filings on Companies House and advising the Board on matters to ensure that it works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences of non-compliance.

### 2.11 External Audit (Reporting Accountant)

The Audit and Risk Committee will assess the effectiveness and resources of the external auditor to provide a basis for decisions by the Trust's members about the auditor's reappointment, dismissal, or retendering, and their remuneration. The Committee will provide an annual report of their conclusions to advise the Board of Trustees and Members with their conclusions and recommendations. The external auditors will be (re-)appointed annually by the Members. A competitive tendering process will be undertaken at regular intervals (at least every three years) to inform this process. Measurement against government frameworks (e.g. CPC) as an alternative to a competitive tender will be permitted.

The primary role of external audit is to report on the Trust's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with the Audit Code of Practice, Academies Financial Handbook and the Auditing Practices Board's statements of auditing standards.

## 2. Organisation

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In carrying out their audit work, the external auditors may choose to rely on the work of the internal auditors, in particular in assessing the Trust's control environment. Where this is the case, the external auditors will need to assess the scope and quality of the work programme carried out as part internal audit/check in order to assess whether they are able to rely on that work.

The external auditors need to come to a judgement on the work of those carrying out any internal checks, and for this reason, the internal checking function and external audit function should be clearly separated.

### 2.11 Internal Check

The Audit and Risk Committee on behalf of the Trust Board will consider how arrangements for independent internal check will be met as part of a wider assurance framework. This may be through one of the following operations:

- The work of an internal audit service (in-house or bought in)
- The work of a 'responsible officer' who will be a non-employed trustee (excluding the Chair of the Trust Board) and who neither charges nor is paid by the Trust for their work
- Completing the work by peer review (from a suitably qualified member of another Academy Trust)

The Trust Board will approve arrangements on recommendation of the Audit and Risk Committee. Those carrying out the independent check remain independent in their planning and operation but have direct access to the Trust Board, the CEO and the Chair of the Audit and Risk Committee.

### 2.12 Executive Leaders/Headteachers

Executive Leaders/Headteachers are responsible to the Trust Board via the Chief Executive Officer for the financial management for budgets under their management responsibility.

The Executive Leader/Headteacher are advised by the CFO in executing any financial duties.

The CFO will supervise and approve financial systems operating within individual schools including the form in which accounts and financial records are kept. Executive Leaders and Headteachers will ensure that the CFO is provided with such information as he/she may be required to enable:

- Compilation of the Trust's financial statements
- Implementation of financial planning
- Implementation of audit and financial reviews, projects, and value for money reviews

The Director of Operations is responsible for overseeing the maintenance of up to date and accurate:

- governance records, minutes and filings on DfE websites;
- human resource records;
- risk registers



## 2. Organisation

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### 2.13 Other Staff

All members of staff throughout the Trust should be made aware of and have a general responsibility for the security of the Trust's property, for avoiding loss and for due economy in the use of resources.

They should also be made aware and understand how to operate within the Trust's financial authority limits and the values of purchases for which quotations and tenders are required as set out in the Scheme of Financial Delegation.

They shall make available any relevant records or information to the CFO or his/her authorised representative in connection with the implementation of the Trust's financial policies, these financial regulations, systems of financial control, or in order for requirements of the Trust Board to be met.

### 2.14 Other Financial Policies

The following other Financial Policies are also compulsory for all individuals connected with or employed by the Trust to be made aware of and have a general responsibility to safeguard the Trust against instances of Fraud, Bribery or Corruption:

- Anti-Fraud Bribery and Corruption
- Whistleblowing
- Conflicts Policy and Register of Business Interests

### 3. Accounting Systems

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#### 3.1 Financial Accounting System

All the financial transactions of the Trust must be recorded onto the Trust's financial accounting system – PS Financials.

#### 3.2 System Access

Entry to the financial accounting system is password restricted and the CFO is responsible for overseeing access levels for all members of staff using the system.

#### 3.3 Back up Procedures

The Director of Operations is responsible for ensuring that there are effective back up procedures for the system as detailed in the Trust Information Security Policy.

#### 3.4 Transaction Processing

All transactions input to the financial system must be authorised in accordance with the procedures specified in these regulations.

Detailed information on the operation of PS Financials can be found in user manuals held by the CFO.

#### 3.5 Reconciliations

The CFO is responsible for overseeing month end processes to ensure that at each month end that all items on the trial balance accurately reflect the current financial position of each school. This includes ensuring the following activities are undertaken by the Central Finance Team:

- a bank reconciliation is undertaken between the bank balance on the nominal ledger to the bank statement
- the payroll journal entries are input, and entries and control accounts are reconciled to the latest payroll reports and any differences investigated followed by appropriate corrective action
- review of the balance on the sales ledger control account to ensure it reflects the outstanding income due from debtors and reviewing any aged debtors
- review of the balance on the purchase ledger control account to ensure it reflects outstanding payments due to creditors and reviewing any outstanding payments due
- review of the VAT control account to ensure that it reflects amounts claimed but not yet re-imbursed from the HMRC and that appropriate rates of VAT have been applied.
- review of any other control account balances to ensure they are valid balances
- ensure manual accruals are entered to reflect significant debtors, creditors, receipts in advance, deferred income, or payments in advance
- ensure the maintenance of a fixed assets register
- ensure the coding of income/expenditure is reviewed during the month for appropriate coding entries and take corrective action where necessary

The CFO will review and electronically sign off all bank reconciliations undertaken by the Central Finance Team in accordance with the agreed month end timetable.

## 4. Financial Planning

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### 4.1 Financial Planning System

The CFO is responsible for overseeing the preparation of financial plans which will be undertaken by the Central Trust Finance Team and will be recorded onto the Trust's financial planning system – HCSS. The approved annual budget is uploaded each August following approval by the Trust, and forecasts updated each month.

### 4.2 System Access

Entry to the financial planning system is restricted to the senior roles in the Central Finance Team.

### 4.3 Back up Procedures

HCSS the software provider is responsible for ensuring that there are effective back up procedures for the system.

### 4.4 Financial Plans

The financial plans will reflect a 5 year forecast of income and expenditure providing a financial representation of the Trust's Strategic Objectives and plans.

### 4.5 Development Plan (for each school)

The development plan is concerned with the future aims and objectives of each school and how they are going to be achieved; this includes matching each school's objectives and targets to the resources expected to be available.

### 4.6 Annual Budget

Each Headteacher is responsible for proposing the annual budget plan for the funds delegated to their school in accordance with the Trust Budget Timetable to allow it to be formally recommended to the Trust Board for its approval.

Each Headteacher is responsible for identifying resources within the annual budget plan which support the full utilisation of premium and PE grants made available to each school.

The CFO is responsible for reporting the overall Trust Budget including those of individual schools to the Trust Board via the Finance and General Purposes Committee.

The CFO is responsible for establishing a timetable to ensure that the approved budget is reported to the ESFA by the required date and is accurately completed.

The annual budget will reflect the best estimate of the resources available to each school 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 budget utilisation of those resources.

The estimates will include (but not restricted to):

- The General Annual Grant confirmed by the ESFA for the forthcoming academic year and based on the previous autumn pupil count.

## 4. Financial Planning

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- The Early Years funding estimated by the Local Authority for the forthcoming academic year based on previous termly counts of registered take up and any changes to nursery sizes
- The High Cost (SEN) top up funding from the Local Authority for the forthcoming academic year based on current pupil assessments and any leavers / starters
- Review of other income sources available to assess the likely level of receipts
- Review of current staffing establishment in light of pupil / curriculum changes, salary increases / inflation / contribution rates
- Review of the school contracts register and any non-contract spending to gain an understanding of non-staffing costs
- Review of past performance against budgets to promote an understanding of changes in the cost base
- Identification of potential efficiency savings and Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost.

### 4.7 Balancing the Budget

Comparison of the estimated income and expenditure will identify any potential surplus or deficit in funding in year. Budget proposals must reflect an ongoing maintenance of reserves in accordance with the Trust Reserves Policy.

All school revenue surpluses will be transferred into Trust reserves at the end of each academic year.

For a school to incur an in year revenue deficit, the school must receive prior approval as part of the Trust Annual Budget Approval process, or through approval by the Executive Leadership Team after considering the factors which have led to the deficit.

### 4.8 Finalising the Budget

The finalised budget plan will be formally recommended to the Trust Board via the Finance and General Purposes Committee. The finalised budget plan recommended will 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 CFO is responsible for ensuring that the proposed budget recommended to the Trust Board for their school is locked on HCSS (the budget planning software).

Once the budget is approved by the Trust Board then the Executive Leaders/Headteachers should ensure that it is communicated to all staff with responsibility for budget headings so that all relevant parties are aware of the overall budget constraints.

The CFO is responsible for ensuring that the approved budget confirmed back to Executive Leaders and Headteachers and loaded to the financial system (PS Financials).

### Monitoring and Review

#### 4.9

The CFO is responsible for preparing monthly management accounts to the Trust Board which details:

#### 4. Financial Planning

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- actual income and expenditure against the approved budget and any changes to the projected end of year position;
- plans and oversight of capital projects
- balance sheet
- cashflow statement

If the budget is overspending it may be appropriate to take measures to make savings and the Executive Leadership Team of the Trust will make appropriate proposals to develop and deliver these as appropriate.

## 5. Payroll

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### 5.1 Main Elements

The main elements of the payroll system are:

- Staff appointments/variations
- Terminations
- Employer Pension Contributions (Superannuation)
- National insurance and tax deductions
- Payroll administration
- Payments

### 5.2 Staff Appointments

The Trust Board approves the establishment for the Trust by virtue of approving the Annual Budget Plan.

The Executive Leaders and Headteachers are responsible for staffing establishment changes under their management and ensuring that they are made within the constraints of current and future resources available. The Director of Operations is responsible for ensuring that adequate personnel files are maintained for all members of staff in accordance with the Trust Records Management framework.

Conditional Offers and Contracts of employment are the responsibility of the Director of Operations. All signed conditional offers and contracts of employment are uploaded to the Central Trust Contract Files.

Each school is responsible for the acceptance and acknowledgement of resignations from employment within their school and ensuring that the central team are notified promptly as part of the payroll process, ensuring any Trust equipment is handed over on departure, and any other access to property or systems is ceased at termination of employment.

### 5.3 Payroll Administration

The current payroll provider for all schools in the Trust is Dataplan.

All staff are paid on a monthly establishment master file is created for each employee which records:

- salary;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable.

New master files can only be created where signed contractual and new starter information is provided and signed as approved by the CEO/Executive Leader/Headteacher.

Any master file amendments will only be made on receipt of required paperwork authorised by the CEO/Executive Leader/Headteacher.

## 5. Payroll

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Each school is responsible for complying with the necessary deadlines for submitting full and complete paperwork to the central finance team in accordance with the necessary deadlines for the production of both the support staff payroll and the teachers' payroll. This will include but is not limited to authorised new starters, leavers, contract variations, additional hour claims, and expenses.

The CFO will oversee the central finance team responsible for checking the paperwork and uploading this information to the payroll provider's system. The central finance team will be responsible for checking the calculation to gross pay and making comparison between current and previous month gross pay calculations.

The central finance team shall select at least one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

### 5.4 Payments

The CFO make arrangements for approval of payroll within the finance team to ensure appropriate separation between preparation and approval. This will include a list of salary payments by individual and showing the amount payable in total will be obtained from the payroll provider.

All salary payments are usually made by BACS.

The payroll provider will automatically calculate the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable shall be summarised on a gross to net pay print. Payments to the deducting organisations are made by BACS payment.

After the payroll has been processed the central finance team shall ensure the nominal ledger is updated by journal entry and before the month end close. Postings will be made to both the various payroll control accounts and to individual cost centres. The central finance team shall ensure the payroll amounts posted to the nominal ledger are reviewed each month to ensure the correct amounts have been posted and a reconciliation undertaken to cumulative pay to date. All payroll control accounts should balance to zero.

On an annual basis a review of payroll gross pay agrees to contracts of employment (adjusted to reflect current rates) held on personnel files by each school.

Any contract for the services of the payroll provider will be reviewed on a regular basis to ensure that the Trust is getting value for money and that the provider is giving adequate service.

## 6. Purchasing

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### 6.1 Purchasing

The Trust must demonstrate the proper and effective use of public funds. The main requirements are:

- Probitry – to demonstrate that all parties dealing with the Trust are dealt with on a fair and equitable basis and that there is no private gain, favouritism or corruption involved in any of the dealings of the Trust;
- Accountability – the Trust is publicly accountable for its expenditure and for the conduct of its affairs; and
- Value for Money – the achievement of value for money underpins the appropriate use of public funds.

The Trust will not use the Trust's funds to purchase alcohol for consumption, except where it is to be used in religious services.

6.2 Budget holders (such as subject leaders/department heads) will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage their budget and to ensure that funds available are not overspent. Budget holders will be able to directly obtain live expenditure details at any time via the financial system web portal, or receive a detailed print via their School Support/Office Manager. Budget holders are encouraged to keep their own records of orders placed but not paid for.

### 6.3 Requisitions up to £5,000 (inclusive)

For primaries, requisitions for goods must fully detail the items required, a price where known or quote if obtained, the nominal code/cost centre, be signed as authorised by the headteacher and forwarded to the school administration team. There is no requirement for paper requisitions for regular items of expenditure which can be input directly on to the finance system as a purchase order for electronic approval by the headteacher. **It is the responsibility of the administration teams to place orders with suppliers through the Trust financial system. Orders should not be placed directly with suppliers by email or telephone by any other members of staff.**

For secondaries, requisitions for goods must fully detail the items required, a price where known or quote if obtained and the nominal code/cost centre. Staff will input order requisitions directly on to the finance system for electronic approval by the relevant budget holder. Departmental budget holders can also process order requisitions directly on to the finance system. It is their responsibility to ensure that the purchase does not exceed the budget available to them before approving. A confirmation of approval will be sent to the administration team. **It is the responsibility of the administration teams to place orders with suppliers through the Trust financial system. Orders should not be placed directly with suppliers by email or telephone by any other members of staff.**



## 6. Purchasing

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All staff will, where available, access the list of preferred suppliers from the ESFA listed Public Sector Buying Organisations. These suppliers will have already been subject to a procurement process to ensure value for money is obtained.

### 6.4 Requisitions of over £5,000 but less than or equal to £30,000

Requisitions between £5,000 and £30,000 can be authorised by executive leader /headteacher where at least three written quotations have been obtained and the lowest quote has been selected. The requisition number and supporting documentation must be emailed to the central finance team for audit purposes.

Where the lowest quote is not selected it requires consideration for Value For Money and formal approval by the CEO (Accounting Officer).

The Executive Leader/Headteacher/budget holder is responsible for ensuring that adequate budgetary provision exists prior to the order being placed and input onto the Trust's financial system.

**It is the responsibility of the administration teams to place orders with suppliers through the Trust financial system. Orders should not be placed directly with suppliers by email or telephone by any other members of staff.**

### 6.5 Requisitions over £30,000 but less than EU procurement thresholds

All goods/services with a value over £30,000 or for a series of contracts which in total exceed £30,000 are **not authorised to be ordered unless** they have been subject to formal tendering procedures. Purchases over certain levels may fall under EU procurement rules and require advertising in the Official Journal of the European Union (OJEU) unless they are accessed through a Public Sector framework where this process has already been undertaken.

All procurement processes for requisitions over £30,000 will be led by the CFO unless the CEO authorises for another executive leader to undertake this process.

For Tenders above £100,000 the Finance & General Purposes Committee will seek approval from the Trust Board.

### 6.6 The ICT Support contract tendered through EU procurement allows for hardware to be provided from the appointed contractor subject to them demonstrating value for money against ESFA listed Public Sector Buying Organisations or other suppliers in a tender process.

The use of Government Frameworks will be permitted as an alternative to full tender processes.

Where educational visits are arranged to types of 'learning outside the classroom providers' – i.e. museums, galleries, farms, nature reserves, adventure centres to overseas expeditions. It is accepted that the priority in these circumstances is good quality educational provision and effective risk management. Tender processes will not be required in these instances.

## 6. Purchasing

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### 6.7 Framework Agreements

Where the Trust regularly contracts for individually small but frequent contracts for services such as maintenance, redecoration, electrical rewiring and the like, the Trust will use a list of approved suppliers.

The process whereby suppliers would get onto the approved list would include a list of criteria which must be documented and approved (including financial standing, appropriate standard of works, insurance arrangements and review of Health and Safety and risk assessments). Each supplier would be reviewed on an annual basis to confirm continued compliance with all requirements. Inclusion on the list would still go through normal delegated authorities, and any works undertaken would be reviewed for value for money as well as competence.

Jobs which are below the tender threshold would be awarded to the most suitable supplier on the list for the job required. This would make the process of awarding small works more efficient while still ensuring that all relevant checks are undertaken.

Works which are over the tender threshold would still be procured via those arrangements.

### 6.8 Forms of Tenders

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

**Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CFO how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

**Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the school's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- there is a lack of time to go through an open tender procedure

**Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances and where 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 the existing supplier are justified.

## 6. Purchasing

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### 6.9 Preparation for Tender

Full consideration should be given to:

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

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable, and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

### 6.10 Invitation to Tender

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

An invitation to tender should include the following:

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

### 6.11 Aspects to Consider

#### Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure the tender price is the total price and that there are no hidden or extra costs
- Scope for negotiation

#### Technical / Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

#### Other Considerations

- Pre-sales demonstrations
- After sales service
- Financial status of supplier.
- Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service.

## 6. Purchasing

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### 6.12 Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust/school. Tenders should normally be submitted in plain envelopes clearly marked to indicate they contain tender documents. The Trust however, may also use the Trust dedicated email box for Tenders where emails will not be opened prior to the tender opening date. The envelopes should be time and date stamped on receipt and securely stored in the Trust/school prior to tender opening. Tenders received after the submission deadline should not normally be considered.

### 6.13 Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Please contact the CFO for further information about how the process should be undertaken and who should be present for the opening of the tenders.

A separate record should be established to record the names of the companies submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

### 6.14 Tendering Evaluation Procedures

The evaluation process should involve at least two appropriate people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person **must** withdraw from the tendering process.

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

The approval of tenders will be in accordance with the Scheme of Financial Delegation.

Where required by the conditions attached to a specific grant from the DfE/ESFA, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the Trust/School. All parties should then be informed of the decision.

### 6.15 Contract Management

Contracts for services must be monitored to ensure that the actual level of service meets the requirements set out in the contract specification.

### 6.16 Goods Received and Invoicing

The orders generated from the Trust's financial system will state the appropriate arrangements for delivery of goods to the school.

On receipt of goods, a detailed check of the goods received against the goods received note (GRN) will be undertaken by someone other than the person who approved the order and a record made of any discrepancies between the goods delivered and the GRN. The supplier of

## 6. Purchasing

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the goods should be informed of any discrepancies without delay. The financial system should be updated to reflect the items received against the order as a GRN by the person who has checked the goods received against the GRN, or by a member of the administration team upon receipt of a signed delivery note.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the school administration team should be notified. The school admin team shall **not** process a GRN for goods which require returning, unless requested by the central team for accounting purposes, and will contact the supplier promptly to arrange for the return of the goods.

### 6.17 Non-Purchase orders

Purchase Orders should be raised for all goods and services required, where this has not been possible and an invoice is received without an order on PS a PI will be processed. A completed, signed requisition should be uploaded to the booked in folder with the invoice. The requisition should include full details of purchase and reason for the purchase order not being placed as a PO. These should be signed by the Headteacher in Primaries and the relevant budget holder in Secondaries, and counter signed by the School Support Manager up to the value of £3000. Requisitions over £3000 must be signed by the Headteacher.

- Purchase Orders do not need to be placed for the following goods/services:  
 Utilities (gas/electric/water) – premises staff should check the reading on the invoice to the meter and sign the requisition/invoice to confirm ok for payment.  
 Unknown telephone/mobile call charges (not rental).  
 Exams –Secondaries unless full costs are known and a PO can be raised.  
 \*Bromcom specifically relating to online payment charges.  
 \*Dataplan  
 \*Kiddivouchers  
 \*Credit card purchases under £30
- In these instances, the invoice/receipt will require checking and signing off by the budget holder/Headteacher or relevant person.
- Fully complete and upload the requisition form with the signed invoice, delivery note (or confirmation email if delivery note not received) to the PO's booked in folder.

*\*Please note the central team will process these – no action is required from school.*

### 6.18 Invoices for Payment

All invoices should be sent to the Central Trust Finance team. The central trust finance team shall ensure:

- checks against the order and GRN for accuracy have been undertaken by the school administration team.
- invoices are recorded onto the financial system on receipt wherever possible, ensuring the supplier payment details are correct and that the invoice is posted to the correct VAT accounting period. If approval cannot be obtained in the right period the invoices will be stored in a separate file in the Booked In folder and accrued for at month end.
- The document number from PSF is recorded on the grid along with the date processed and signature of person who has processed.

## 6. Purchasing

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- The grid is forwarded to the school's finance box for approval by the Finance/Payroll Officer, who will check the coding and invoice matches the grid before payment.

Payment to suppliers shall not be made until all of the above actions have been undertaken.

At the end of every week the central finance team will produce a list of outstanding invoices from the purchase ledger to determine which invoices should be paid on the BACS runs.

The senior members of the central trust finance team will then generate the BACS required. The BACS and associated paperwork must be authorised by two of the nominated Lloydsonline signatories.

BACS remittances will be dispatched to suppliers by the central trust finance team.

If any purchases are made outside the documented process then the budget holder must provide written justification which is counter signed by the executive leader /headteacher and submitted to the central finance team for consideration of implications by the CFO.

## 7. Purchase / Commercial / Credit Cards

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- 7.1 Purchase/Credit Cards are not considered to infringe the borrowing restrictions imposed on schools/the Trust providing any balance is cleared in full at the end of each month. Debit Cards **are not** permitted.
- 7.2 Each school will be permitted to have a maximum of three card holders. Authorisation for cards must be made through the executive leader/headteacher. Each employee issued with a card must sign to confirm that they have read and understand the Trust Commercial Cards Policy. A copy of all signed confirmations will be retained by the central finance team

All card purchases must be authorised in advance through a signed requisition and processing of an order on PS Financials including those made over the internet. Each school is responsible for authorising the purchase of goods through a signed requisition and order processed on PSF Financials – including for those made over the internet. Each card holder is responsible for retaining receipts where applicable and submitting them to the school administration team promptly. Each school is responsible for checking and recording goods which are then received on the Trust Financial System.

Purchases under £30 do not need to be placed as a purchase order. Instead, the cardholder and approver should sign the receipt and upload to the credit card folder to be processed by the central team. These transactions will be processed as a credit card expense on the finance system and will not be allocated to a supplier.

All credit card statements will be downloaded by the Central Trust Finance Team who will be responsible for the reconciliation of the credit card statement, ensuring that all payments on the statement have the supporting requisition/order/receipt/GRN. The statement will then be reconciled against the subsequent bank direct debit charge.

The Central Finance Team will ensure that credit card statements are reconciled on a monthly basis.

- 7.3 When not in use by staff members all cards will be kept in the school safe. The school support manager/office manager will be responsible for the signing in and out of cards.

## 8. Income

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- 8.1 The main sources of income for the Trust/schools are through DfE/ESFA/LA grants. The receipt of these sums is monitored directly by the central trust finance team who will ensure that all grants due are collected.

These sources of funds will usually be transferred directly into the school/Trust bank account by BACs transfer.

On receipt of the remittance the anticipated income will be recorded on the financial system as a nominal receipt by the Central Trust Finance Team – direct to bank, ready for bank reconciliation. All remittance advice will be retained by the central trust finance team for inclusion in the year-end audit files.

- 8.2 The schools also obtain income from:
- Cash receipts
  - Online payments via the school payment system

Schools are cashless with the exception of some events. In these cases, cash should be recorded on the PS financial system promptly as a nominal receipt – paying in slip.

The paying in slip/receipts are prepared and stored with the cash in a locked safe ready for the next cash collection or bank visit. The school support manager/school office manager shall ensure that there is a cross check of paying in slips prior to banking.

Cash collections will be arranged on an ad-hoc basis in liaison with the Central Trust Finance team to ensure that they are set at appropriate intervals to ensure the levels of cash in the safe do not exceed insurable limits, but collection costs remain economical. Cheques can be posted with a completed paying in slip to the bank.

Monies collected must be banked in their entirety. The school support manager/office manager are responsible for ensuring that regular reconciliations between sums collected, sums deposited at the bank and sums posted to the financial system are undertaken. The reconciliations must be prepared before each banking is undertaken and must be reviewed and certified by the school support manager/office manager or Central Trust Finance Team member if the school support manager/office manager has undertaken the reconciliation.

The Central Trust Finance Team will process all online income. All online payments should be recorded on the Trust finance system promptly.

### 8.3 Sales Invoices

The central team are responsible for ensuring that sales invoices are issued where required using the financial system. Due regard must be given to ensure that VAT is charged where appropriate.

The school support manager/office manager is responsible for ensuring a reconciliation of the Sales Control Account to the aged debtors report and for pursuing any outstanding monies due to the school.



## 8. Income

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### 8.4 Debt Recovery and the Write off of Bad Debts

Wherever possible, income due will be collected before or at the time of relevant sale or service provided. If this is not possible, a debtor's account (invoice) will be issued by the school administration team. All debts will be recorded, and non-payment will be followed up by issuing reminders as follow:

- 1st reminder - 30 days from date of account or in the case of lettings before the first letting commences.
- 2nd reminder - 60 days from date of account
- Final reminder - 75 days from date of account

The final reminder will threaten legal action if the account is not settled within 14 days.

If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:

#### **Returned Cheques**

In the case of returned cheques, the drawer will be contacted and instructed to pay online the amount of the cheque and any charges that the school has incurred.

#### **Write off of Bad Debts**

Where a debt remains unpaid for 12 months or more, all attempts of recovery have been exhausted, further recovery actions become uneconomical, and the individual amount is for less than or equal to £500 (£5,000 cumulative debts over a 12-month period) it will be written off by the CFO as part of the year-end processes.

For individual amounts in excess of £500 (£5,000 cumulative debts over a 12-month period) approval is also required by the Chief Executive Officer in consultation with the CFO.

## 9. Cash Management

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### 9.1 Opening and Closing of Accounts

The opening and closing of bank accounts must be authorised by the Trust Board.

New Accounts are pre-authorised for schools where a funding agreement is agreed with the Department for Education.

Closing of former school fund accounts are pre-authorised for schools where this process has not been undertaken prior to conversion and should be undertaken as soon as possible following conversion.

### 9.2 Signatories

The authorised signatories to accounts are limited as follows:

- CEO
- CFO
- Director of Operations
- Finance Manager

The authorised approvers for payments on the online banking system are limited to:

- CEO
- CFO
- Director of Operations
- Finance Manager
- Trust Finance and Payroll Officers

### 9.3 Payments and Withdrawals

Payments by cheques will be minimised as far as possible.

All cheques and other instruments authorising withdrawal from the Trust and school bank accounts must bear the signatures of two of the authorised signatories.

Authorised signatories must not sign a cheque or authorise a payment relating to goods or services for which they have also authorised the expenditure.

Cheque payments should be minimised, however, where required they shall be crossed "account payee only"

Cheques should not be pre-signed under any circumstance.

Unused cheque books should be stored securely in a locked safe in the school or stored in the central trust administrative office.

## 9. Cash Management

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### 9.4 Bank Reconciliation

The central trust finance team is responsible for ensuring that bank statements are received and reconciled at least on a monthly basis. Reconciling items should be resolved. The bank reconciliation shall be signed to confirm review and countersigned by the CFO. All signed copies of reconciliation documentation and monthly bank statements will be retained by the central trust finance team.

### 9.5 Monitoring Cash Flow

The CFO is responsible for overseeing the forecasting and monitoring cash flow during the year to ensure that the Trust bank accounts have sufficient funds available to pay for day to day operations.

### 9.6 Investments

The opening and transferring of funds to investment accounts can only be undertaken by the CFO in accordance with the Trust Investment Policy and Procedures.

### 9.7 Petty Cash Accounts

Schools are not authorised to hold petty cash accounts. Schools will be able to hold temporary floats to support a school event. The float will be repaid into the bank immediately following the event.

### 9.8 Staff Reimbursements

Staff reimbursements should be for small pre-authorised expenditure not exceeding £50 on any one item and not exceeding £100 in any one week to any one individual.

Each claim form must be made on the Trust Reimbursement Form, authorised, and presented to the school support manager/office manager with an attached VAT receipt.

The school admin team will ensure that the requisition with attached payment grid is promptly forwarded to the Trust Central Finance Team who will record it on the Trust Finance system.

All staff reimbursements for small items will be made by BACs Transfer direct to their nominated bank account. This excludes any mileage and subsistence payments which will be submitted on a separate form and payments made through payroll.

## 10. Fixed Assets

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### 10.1 Inventory

The inventory of assets in each school helps ensure that staff take responsibility for the safe custody of assets and:

- Enable independent checks to deter against theft or misuse
- To manage the effective utilisation of assets and plan for their replacement
- To support the annual report and accounts process and audit judgement and
- To support insurance claims in the event of fire, theft, vandalism or other disasters

The school support manager/office manager shall be responsible for ensuring that an inventory is maintained for all items purchased with a value of £500 or more or of an attractive nature and should include the following:

- Asset Description
- Asset Number
- Serial Number
- Date of Acquisition
- Cost of Acquisition (exc VAT)
- Source of Funding
- Expected useful economic life
- Location
- Name of member of staff responsible for the asset

Individual members of staff will be responsible for the safekeeping of items within their classrooms.

### 10.2 Security of Assets

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the secure stores.

All items on the inventory should be permanently and visible marked as the Trust's/schools property.

An annual audit of the contents of the inventory should be completed by a person independent from the person responsible for maintaining the inventory. Discrepancies between the physical count and the amount recorded in the inventory should be investigated promptly. Any significant discrepancy will be reported in accordance with the Anti-Fraud Bribery and Corruption Policy.

Where an item is used by the Trust but is not owned by it this should be noted.

### 10.3 Disposals (exc land/buildings/heritage assets)

Items which are to be disposed of by sale or destruction with a fair value estimated to be below £5,000, must be authorised for disposal by the CEO.

Items which are to be disposed of by sale or destruction with a fair value estimated to be above £5,000, must be authorised by the Trust Board.

## **10. Fixed Assets**

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Disposal of equipment to staff should not be undertaken without prior formal approval by the CEO in consultation with the CFO who will consider the potential for sale/scrap value and any the wiping of any computer equipment of licences/software.

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

All disposals of land require approval from the Trust Board in advance of seeking approval from the Secretary of State.

### **10.4 Loan of Assets**

Items of Trust property must not be removed from the Trust/School premises without the prior approval of the CEO via the Executive Leader/Headteacher. A record of the loan must be recorded in a loan book and booked back in when it is returned.

If assets are on loan for an extended period of time or to a single member of staff on a regular basis this situation may give rise to a 'benefit in kind' for taxation purposes. Loans should therefore be kept under review and potential benefits discussed with the CFO who will consult with the Trust's Auditors as appropriate.

## 11. Receipt of Gifts & Hospitality

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### 11.1 Definitions

A gift is defined as an item given, without the expectation of receiving anything in return. Examples of gifts may be stationery items such as pens, notepads, calculators, or carrier bags; food or confectionery; flowers or plants, ornaments, wine and spirits, articles of clothing; jewellery or watches; tickets for cultural or sporting events; discounted rates for hire or purchase; free publications; cash; and providing business where the employee concerned is engaged in some private business or commercial activity.

Hospitality is an offer of generosity from an external organisation such as free meals; drinks receptions; hospitality tents at shows; exhibitions or conferences; music and cultural events; sport and leisure events, use of company facilities; hotel accommodation; and holidays.

### 11.2 Expectations

Trustees, members of SPRB Committees and Employees acting in an official capacity should not be placed in a position where their actions might give the impression to anyone, inside or outside the Trust, that they have been, or might be, influenced to show favour or disfavour to any person or organisation by receiving any gift, reward, hospitality, loan or other consideration.

The acceptance of gifts or hospitality will normally be considered an exception. If either the individual or the Trust is in any doubt about the propriety of acceptance, the offer should be refused.

Where a relative or friend of a Trustee, Local Governor, or employee is offered gifts or hospitality because of their relationship or association with that Trustee, Local Governor, or employee, the same considerations apply.

### 11.3 Those acting in official capacity must not either directly or indirectly, accept any gift, reward or benefit from any individual or organisation with whom he/she has been brought into contact by reason of their duties other than those listed below:

#### 11.3.1 Trivial Gifts

Trivial Gifts are those which are:

- Inexpensive items of a value of less than £25 from suppliers or contractors as expressions of gratitude such as boxes of chocolate or flowers.
- Seasonal/promotional gifts such as diaries, calendars, or pens with a value of less than £25.

The receipt of the above gifts should only be accepted where they are occasional and where acceptance would not give rise to public concern. Gifts below £25 do not need to be recorded and can be utilised in an appropriate method determined by the individual school.

#### 11.3.2 Routine Hospitality

Routine hospitality is deemed that which is

- working lunches provided as part of a business meeting and where there is no suggestion of improper influence.
- continuous professional development events paid for or offered free of charge by third parties

## 11. Receipt of Gifts & Hospitality

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- hospitality as part of a function or event where the individual is present in a professional capacity and the hospitality is offered to other individuals attending the event (corporate rather than personal).

The receipt of routine hospitality as defined above does not need to be recorded. Hospitality of a value of greater than £25 should generally be declined and should always be declared.

### 11.3.3 Where refusal might offend

On occasions trustees, governors or employees may receive offers of gifts they must refuse but for various reasons find it difficult or almost impossible to do so (for examples gifts left for them in their absence, or where non acceptance may cause offence). If this happens the gift must be declared, recorded on the gifts and hospitality register and should be donated to the Trust. All such donations shall be recorded on the declaration form.

### **Unacceptable gifts / hospitality**

Offers of any of the following must be refused under all circumstances:

- cash
- personal invitations from representatives of companies seeking or having business with the Trust;
- offers of holidays, accommodation or entertainment (theatre tickets, sporting events) to individuals
- extravagant hospitality inappropriate to the occasion
- use of company flats or facilities
- gifts exceeding a value of around £25 if they are intended for exclusively personal or private use, such as jewellery or clothing.

Offers to attend private, social or sporting functions should only be accepted when these are regarded part of the life of the community where the Trust should be seen to be represented.

If it is likely that a typical member of the public would think that a specific gift or incidence of hospitality is inappropriate, then it probably is and should therefore be declined. When dealing with gifts and hospitality caution should always be applied and if in doubt offers should be declined.

- 11.4 All Trustees/members of SPRBs/employees must ensure that all offers are declared and registered for items of gifts or hospitality with an individual or collective value estimated to be £25 or more whether it has been accepted or not. The declaration should be in writing and include:

- Person/Organisation making the offer
- Gift or Hospitality which was offered Value (if known)
- Circumstances which the offer was made
- Date the offer was made
- Action Taken (accepted with reason) / refused/returned)

## **12. Internal Financial Notice to Improve**

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- 12.1 The Trust Board may issue an Internal Financial Notice to Improve to an individual school where there is a cumulative deficit, a projected deficit, cash flow problems or other financial difficulties (such as inappropriate use of public funds), or inadequate financial governance and management.
- 12.2 The Internal Financial Notice to Improve will set out the actions the Trust Board will expect the School to undertake in order to address the underlying cause(s) of the Trust Board's concerns about the financial management and/or governance of the Trust.
- 12.3 If an individual school is subject to an Internal Financial Notice to Improve, all of the delegated authorities and freedoms set out in the Trust's financial regulations and scheme of delegation will be revoked in relation to the individual School.
- 12.4 The Trust Board will formally determine as part of the Internal Financial Notice to Improve:
- any levels of delegated authorities and freedoms that will apply during the period of the notice dependent on the circumstances of each school considered
  - the actions that must be and continue to be undertaken in order for the Financial Notice to Improve to be removed and full delegated authorities and freedoms set out in the Trust's financial regulations and scheme of delegation returned.



### **13. Dispensation from Financial Regulations**

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- 13.1 The procedures set out in the Financial Regulations approved by the Trust Board should be followed at all times. However, there may be exceptional circumstances where a dispensation from the regulations are permitted including:

#### **Emergency Action**

In the event of an emergency, the Chief Executive Officer and/or Chairman of the Trust Board are empowered to authorise all necessary actions. The Chief Executive Officer and or Chairman of the Board shall notify the CFO, in writing, of the circumstances and the estimated financial impact and report formally to the earliest Trust Board Meeting.

#### **Operational Issues**

Where the Chief Executive Officer considers there are justifiable reasons for dispensing with Financial Regulations, they may do so, in consultation with the CFO. The circumstances must be reported formally to the earliest Trust Board Meeting.

#### 14. Scheme of Financial Delegation

	EFSA	Members	Trust Board	CEO	CFO	Executive Leader/ Headteacher	Nominated Budget Holder
To re-appoint, dismiss or retender services of the External Auditor after considering recommendations from the Audit and Risk Committee of the Trust Board		✓	<A				
To re-appoint, dismiss or retender services of the Internal Auditor after considering recommendations from the Audit and Risk Committee			✓	<A	<A		
To receive the annual revenue and capital budget (in the context of the 3-5 year forecast) proposals for consideration and <b>recommendation</b> to the Trust Board [para 2.8-2.17]				✓	✓	<A	
<b>Approve</b> the annual revenue and capital budget plan [para 2.8-2.17]			✓	<A	<A		
To consider monthly revenue and capital budget monitoring reports including variances between actual and approved budget year to date, projected outturn and approved budget, including narrative explaining the reasons for variances [para 2.18-2.23], balance sheet, and cash flow.			✓	✓	<A		
Any policy and arrangements for Pooling (exc PFI) of funds			✓	<A	<A		
Reserves Policy and taking actions necessary to support the achievement of the policy.			✓		<A		
Authorise requisitions for processing as orders (generated through PSFinancials) to suppliers for <b>up to and including £5,000</b> for goods and services within budget [para 6.3]						✓	✓
Authorise requisitions for processing as orders (generated through PSFinancials) to suppliers for between <b>£5,000 and £30,000</b> following receipt of <u>three written quotes</u> and selection of <u>lowest cost provider being selected</u> [para 6.4]						✓ Where lowest cost selected	

#### 14. Scheme of Financial Delegation

	EFSA	Members	Trust Board	CEO	CFO	Executive Leader/ Headteacher	Nominated Budget Holder
Authorise orders (generated through PSFinancials) to suppliers for requisitions between <b>between £5,000 and £30,000(inc)</b> following receipt of <u>three written quotes</u> and the provider is the most economically advantageous but is <u>not</u> the lowest cost <b>[para 6.4]</b>				✓ Where <b>not</b> the lowest Cost	<A	<A	
Formal Tendering process undertaken in accordance with the Trust's Financial Regulations required in consultation with the for goods /services totalling between <b>£30,000 and EU threshold</b> and authorised by the Trust Board via Finance & General Purposes Committee.			✓	<A	<A		
EU Tendering process undertaken in accordance with the Trust's Financial Regulations required for goods /services totalling <b>over EU Threshold</b> and authorised by the Trust Board via Finance & General Purposes Committee.			✓	<A	<A		
Staff Severance/Compensation where non-statutory/non-contractual payment is less than £50,000 (approval required in advance)				✓			
Staff Severance/Compensation where non-statutory/non-contractual payment is £50,000 or more before tax (approval required in advance)	✓		<A	<A			
Compensation where non-statutory/non-contractual payment is less than £50,000 (approval required in advance)				✓	<A		
Ex-gratia payments	✓		<A				
Open/close bank accounts <b>[para 9.1]</b>			✓	<A	<A		
Any Two Signatures for cheques <b>[para 9.2]</b>				✓	✓		

#### 14. Scheme of Financial Delegation

	EFSA	Members	Trust Board	CEO	CFO	Executive Leader/ Headteacher	Nominated Budget Holder
Any two authorised to process BACs payments up to defined limits (based on payroll runs, any capital schemes) <b>[para 9.3]</b>				✓	✓ Inc. snr finance officers		
Bank/sponsor loan, overdraft	✓		<A				
Credit cards (for business use, not personal use and paid in full each month) <b>[para 7.1-7.3]</b> . To be approved/operate in accordance with the Trust Credit Card Policy.				✓		✓	
Authorise floats for school events <b>[para 9.7]</b>						✓	
Re-imburse staff by BACS up to £50 on any one item and £100 in any one week to any one individual. <b>[para 9.8]</b>						✓	
Enter into insurance arrangements for land, buildings employee liability and other major risks			✓		✓		
Enter into insurance arrangements for mini bus and other minor risks where a trust agreement has not been negotiated.						✓	
Granting a lease on land and buildings	✓		<A				
Take up a finance lease	✓		<A				
Take up a leasehold on land and buildings with lease term <b>less than 7 years</b>			✓	<A			
Take up a leasehold on land and buildings with lease term <b>7 years or more</b>	✓		<A				
Take up an operating lease <b>more than 3 years</b>				✓	<A	<A	
Take up an operating lease <b>3 years or less</b> following consultation with the CFO					A>	✓	

#### 14. Scheme of Financial Delegation

	EFSA	Members	Trust Board	CEO	CFO	Executive Leader/ Headteacher	Nominated Budget Holder
Writing off debts and losses which exceed 1% of the Trust annual income or £45,000 individually, or 2.5% or 5% of annual income cumulatively	✓		<A				
Entering into guarantees, indemnities or letters of comfort which exceed 1% of the Trust annual income or £45,000 individually, or 2.5% or 5% of annual income cumulatively	✓		<A				
Write off unrecoverable bad debts <b>individual debtor above £500 or cumulative debt across debtors in a twelve month period above £5,000. [para 8.4]</b>					✓	<A	
Write off unrecoverable bad debts <b>individual debtor up to inc £500 or cumulative debt across debtors in a twelve month period less than or equal to £5,000 as part of year end processes. [para 8.4]</b>				✓	<A	<A	
Acquiring a freehold on land and buildings	✓		<A				
Disposing of a freehold on land and buildings	✓		<A				
Disposing of heritage assets	✓		<A				
Disposing of assets (not land, buildings or heritage) <b>above fair value of £5,000 [para 10.3]</b>				✓	<A	<A	
Disposing of assets (not land, buildings or heritage) <b>below fair value of £5,000. [para 10.3]</b>			✓	<A	<A	<A	
Supplies of goods/services to the Trust by a related party agreed on or after 1.4.19 for a contract exceeding £20,000	✓						
Supplies of goods/services to the Trust by a related party agreed on or after 1.4.19 which would take the total value of contracts with the related party beyond £20,000	✓						

#### 14. Scheme of Financial Delegation

	EFSA	Members	Trust Board	CEO	CFO	Executive Leader/ Headteacher	Nominated Budget Holder
Supplies of goods/services to the Trust if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same year	✓						

## Appendix A: Schedule of Updates

Trust Board Approval		Implementation Date
2 July 2014	Financial Regulations and Scheme of Delegation	1 September 2014
5 October 2016	Financial Regulations and Scheme of Financial Delegation	1 November 2016
6 October 2017	Financial Regulations and Scheme of Financial Delegation	9 October 2017
19 November 2018	Financial Regulations and Scheme of Financial Delegation	26 November 2018
15 July 2019	Financial Regulations and Scheme of Financial Delegation	15 July 2019

### SCHEDULE OF CHANGES – from 1 September 2014 policy to revised version implemented 1 November 2016

- Reference to Directors replaced with Trustees to reflect latest preferred terminology used by the EFA
- Reference to Local Governing Body (LGB) replaced with School Governance Committee (SGC) in accordance with the Trust Governance Policy and Scheme of Delegation
- Reference to Executive Headteachers to reflect the new roles established in the Trust
- Para 2.8 – Principal Finance Officer not changed to Chief Finance Officer in accordance with EFA Handbook
- Clarified wording on paragraphs 4.7-4.10
- Section 6 Purchasing – three quote process thresholds increased from £2.5k to £5k
- Petty cash can be held at all schools up to £100 (in practice schools are holding small floats for change to parents etc, as majority of re-imbursing to staff are by BACs transfer)
- The Scheme of Financial Delegation has been changed to reflect the same format as main scheme of delegation.
- Incorporation of schedule of updates

### SCHEDULE OF CHANGES – from 1 November 2016 to 9 October 2017

- Clarification of Members responsibilities, including their role in appointing the financial statements and regularity auditor
- Trustees amendment to remove responsibility to appoint the financial statements and regularity auditor
- Inclusion of the remit of the Educational Performance and Impact Committee
- Clarification that the CEO takes personal responsibility as the Accounting Officer

### SCHEDULE OF CHANGES – from 9 October 2017 to 19 November 2018

- Clarify Members responsibility for the appointment of the statutory and regularity auditor, and their “eyes on hands off” role
- References to the Director of Finance Business and Operations replaced with CFO to reflect the designated lead regardless of job title.
- Paragraph 1.4 and 12.1 aligned to clarify that the CEO may authorise departure from the detailed requirements of the approved financial procedures
- Removal of the School Governance Committee responsibilities for financial oversight and control

## Appendix A: Schedule of Updates

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- Incorporate the requirement for the preparation of monthly management accounts for consideration by the CEO and Chair of the Trust
- Approval of VFM where the lowest quote is not selected to be approval by the CEO
- Incorporation of the debt recovery procedures and update of procedures for the write off of bad debts to be an annual consideration as part of the end of year processes
- Incorporation of limits in regard to related party transactions

### SCHEDULE OF CHANGES – from 19 November 2018 to 15 July 2019

- Paragraph 2.2 Clarify that the AGM is at a time and place appointed by the Trustees
- Paragraph 2.3 Trustee responsibilities include the appointment of designation to the Company Secretary (a requirement of public companies). Clarification on the scope of this role added in paragraph 2.10
- Paragraph 2.9 Confirm the designation of CFO to the Director of Finance, referred to as CFO in the remainder of the document.
- Paragraph 2.12, 3.3, and 5.2 Set out the responsibilities conferred to the Director of Operations
- Paragraph 3.5 Bank reconciliation responsibilities undertaken by central team
- Paragraph 6.3 School responsibilities for requisition and GRNs
- Paragraph 6.5 Move tenders >£100k to be notified to F&GP Committee instead of the Audit & Risk Committee
- Paragraph 6.6 reflects the procurement arrangements in place for ICT hardware where a ICT support contract awarded through EU Procurement allows.
- Paragraph 6.11 reflects the arrangements for electronic tender submissions
- Paragraph 6.15 reflects the school responsibilities for GRNs
- Paragraph 6.16 reflects the central finance team responsibilities for invoices
- Paragraph 7.2 Credit card reconciliation responsibility to central finance team
- Paragraph 8.1 Nominal receipting of Grants responsibility to the Central Finance Team
- Paragraph 8.2 School & Central responsibilities for other nominal receipting responsibility
- Paragraph 8.3 Schools responsibilities for sales invoices
- Paragraph 9.2 Update of Bank Account signatories to remove school signatories
- Paragraph 9.4 Updated to clarify CFO responsibilities for cash-flow
- Paragraph 9.5 Updated to link to Trust investment policy
- Summary table updated to remove School Business Manager roles from the Trust structures from 1 June 2019

### SCHEDULE OF CHANGES – from 15 July 2019 to July 2020

- Paragraph 2.11 Removal of the option to use the External Auditor for Supplementary Internal Audit Work
- Paragraph 4.6 Insert of the word delegated headteacher budget
- Paragraph 8.2 Update wording to reflect the planned move to cashless schools from September 2020.
- Paragraph 8.2 Update the wording to reflect the Central Finance Team updates the Trust Finance system with all online payments
- Paragraph 9.7 Removal of the authority of a school to hold petty cash and replace with ability to hold a temporary float to facilitate a school event.



## Appendix A: Schedule of Updates

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### SCHEDULE OF CHANGES – from September 2020

- Paragraph 2.3 appointment of secretary/clerk merged to one bullet; insert of bullet point for executive pay publishing responsibilities set out in updated Academies Financial Handbook 2020; insert responsibility to ensure adequate insurance cover;
- Paragraph 2.8 and 2.9 appointment to Accounting Officer and CFO should be an employee unless ESFA approval given;
- Paragraph 2.10 incorporate Clerk role;
- Paragraph 2.11 include role of Audit & Risk Committee in assessing and making recommendations to the Members in regards to the appointment, dismissal, retendering and remuneration of External Auditor;
- Paragraph 3.5 add in requirement to ensure maintenance of fixed asset register;
- Paragraph 4.7 Update to reflect consistency with GAG pooling policy;
- Paragraph 4.9 Update to include requirements for capital projects, balance sheet and cashflow in monthly management accounts;
- Paragraph 6.1 Update to confirm that trust funds will not be used to purchase alcohol;
- Paragraph 9.2 Add Director of Operations on bank signatories and payments and remove headteachers;
- Scheme of Financial Delegation update to reflect requirements in relation to annual accounts and Monthly accounts.
- Paragraph 6.7 Added information in relation to Framework Agreements.
- Paragraph 6.17 Added information in relation to Non-Purchase Orders.

### SCHEDULE OF CHANGES – from July 2021

- Paragraph 3.5 amended to state that bank reconciliations will be signed off electronically;
- Paragraph 6.2 amended to state that budget holders will be able to either directly obtain live expenditure details at any time via the financial system web portal or receive a detailed print via their School Support/Office Manager;
- Paragraph 6.3 updated with new purchase order requisition process which eliminates the requirement for paper-based requisitions;
- Paragraph 6.4 updated to reflect the requirement for supporting documentation to be sent to the central finance team for audit purposes;
- Paragraph 6.16 amended from person who ‘confirmed’ to person who ‘approved’ the order.
- Paragraph 6.16 updated to state that the administration team can process a GRN if in receipt of a signed delivery note;
- Paragraph 6.16 updated to reflect that occasionally the central team may request that the school administration team GRN items that require returning to resolve an invoice dispute;
- Paragraph 6.17 list of purchase order exceptions updated to remove providers no longer used e.g. parent pay and to include credit card purchases under £30;
- Paragraph 6.18 amendment to the process for recording disputed invoices;
- Paragraph 6.18 amendment to the grid approval process;
- Paragraph 6.18 amended to reflect the change in payment process from cheque to BACS;

## Appendix A: Schedule of Updates

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- Paragraph 7.2 updated to reflect changes to purchase orders no longer being required for credit card purchases under £30 and the processing guidance for these transactions and that credit card statements are downloaded by rather than being sent in to central finance;
- Paragraph 8.2 updated to reflect the change to schools being predominately cashless;
- Paragraph 9.2 amend to reflect change in job titles;
- Scheme of Financial Delegation updated to Headteachers as signatories for BACS approvals and Cheques;
- Scheme of Financial Delegation amended to remove references to Petty Cash and to insert approval for floats.