



# ACET

## FINANCIAL REGULATIONS

### November 2023

ACET			
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TABLE OF CONTENTS		
<b>A</b>	<b>General Provisions</b>	<b>2</b>
	1. Background and Status	2
<b>B</b>	<b>Corporate Governance</b>	<b>4</b>
	2. Academy Trust	4
	3. Board of Trustees	5
	4. Accounting Officer	6
	5. Committee Structure	6
	6. Other Managers with Financial Responsibility	8
	7. Risk Management	10
	8. Whistleblowing	10
	9. Code of Conduct	10
<b>C</b>	<b>Financial Management and Control</b>	<b>13</b>
	10. Service and Financial Planning	13
	11. Financial Control	14
	12. Accounting Requirements	16
	13. Audit Requirements	17
	14. Treasury Management	19
	15. Income	22
	16. Expenditure	24
	17. Payroll Expenditure	32
	18. Assets, Inventory, Stock	34
	19. Tax	36
	20. Other	36
<b>Appendix A</b>	<b>Scheme of Delegation of Authority</b>	<b>39</b>
<b>Appendix B</b>	<b>Delegated Authorities</b>	<b>40</b>
<b>Appendix C</b>	<b>Linked Documents to the Financial Regulations</b>	<b>42</b>

## A General Provisions

### 1 Background and Status

- 1.1 The structure of governance of ACET (the Trust) is laid down in the Articles of Association (the Articles) drawn up under the Companies Act 2006, effective from 24<sup>th</sup> March 2011. The powers and duties of the Board of Trustees (Directors) are detailed in the Articles. The Trust's Company Registration Number is 07577113.
- 1.2 The Trust is an exempt charity for the purposes of the Charities Act 2011.
- 1.3 These Financial Regulations have been prepared in accordance with the Education and Skills Funding Agency (ESFA) guidelines, Academies Act 2010, Companies Act 2006, and Charity Commission guidelines. These Financial Regulations should be followed alongside the Academy's Scheme of Delegation. The Master Funding Agreement and supplemental agreements between The Secretary of State of Education and the Trust sets out the terms and conditions on which funding is made.
- 1.4 This document sets out the Trust's Financial Regulations and aims to ensure the Trust is fully compliant with legislation. The document is approved by the Board and applies to all operations within the Trust. This document will be reviewed annually by the Board, following recommendation from the Finance Committee.
- 1.5 The purpose of these Financial Regulations is to provide control over the totality of the Trust's resources and provide the Board with assurances that the resources are being properly applied for the achievement of the Trust's strategic plan and objectives, including:
  - financial viability (going concern); 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;
  - ensuring financial responsibilities are managed efficiently, effectively and economically.
- 1.6 Compliance with the Financial Regulations is compulsory for all staff connected with the Trust, and any non-compliance may be subject to disciplinary action. The Board will be notified of any significant breaches through the Audit and Risk Committee.
- 1.7 The financial affairs of the Board will be conducted in accordance with these Financial Regulations. The ultimate responsibility for ensuring adherence to the regulations is that of the Accounting Officer (CEO). It is the responsibility of the CFO to ensure the regulations are fully implemented across the Trust and must ensure all

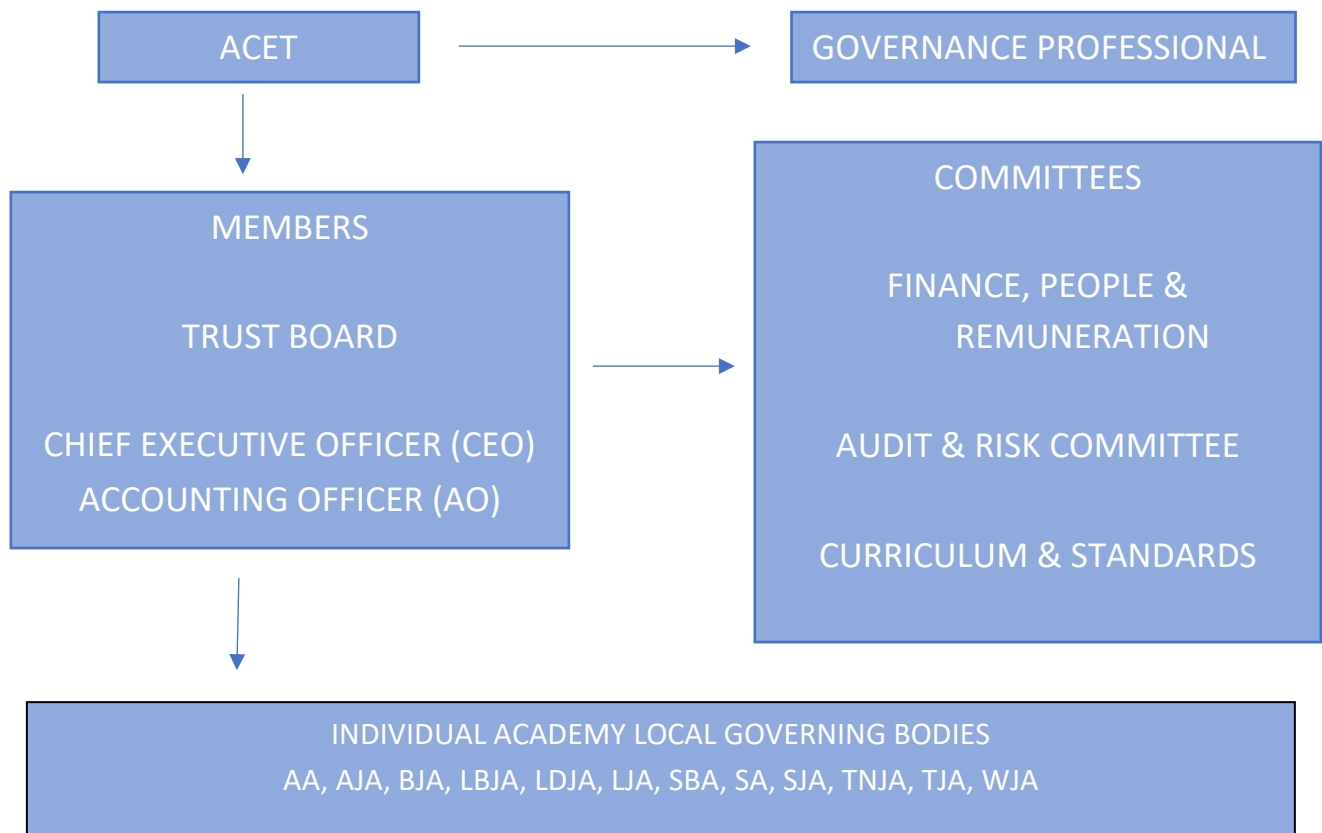
staff are aware of the Financial Regulations. The Board will ensure that appropriate delegated authority is given to members of the Executive Management Team (CEO, CFO, CPO, Network Manager and Estates Manager) within the limits set out in Appendix A, in order to ensure efficient and effective execution of these Financial Regulations.

- 1.8 The Trust's Financial Regulations do not provide detailed procedural advice and should therefore be read in conjunction with the relevant financial procedures/policies, which are available from the Chief Financial Officer (CFO). See Appendix C for list of policies.
- 1.9 The CFO is responsible for ensuring compliance with the Data Protection Act 2018, including the registration made under the Act on behalf of the Trust. Principals are responsible for maintaining proper security, privacy and appropriateness of all information held in their Academy.
- 1.10 The CFO will ensure that on-going financial practice reflects on-going guidance issued by the ESFA in the annually revised Academy Trust Handbook that the Financial Regulations are updated accordingly.
- 1.11 The Board is responsible for implementing and maintaining adequate systems of internal control.
- 1.12 All financial values quoted within these Financial Regulations are exclusive of Value Added Tax (VAT) unless stated otherwise.

## B Corporate Governance

### 2 Academy Trust

- 2.1 The Trust is the legal body responsible for running the academies within ACET. ACET has control over the assets and has a strategic role in running the academies and delegates aspects of the management of the academies to the Local Governing Bodies (LGBs).  
The Trust must ensure compliance with the statutory and contractual obligations placed on academies through legislation including their Funding Agreements and Charities law, including acting as employer, and leaseholder or freeholder of the land.
- 2.2 The Trust's Articles dictate the Members of the Trust and the conditions that must be satisfied. It also states the general meeting protocol, voting procedures, and structure of governance.
- 2.3 The Trust must notify the ESFA's Chief Executive of the vacating or filling of the positions of Chair of Trustees, Accounting Officer (CEO), and CFO. This is co-ordinated by the Governance Professional.



### 3 Board of Trustees

- 3.1 The Articles set out the composition of the Board and make provision for the running of the Academy Trust. The Board must ensure it consists of sufficient expertise to meet its responsibilities.
- 3.2 The Companies Act 2006, Charities Commission, and The Academy Trust Handbook set out the responsibilities of the Board.
- 3.3 Financial responsibilities

The Board is responsible for the oversight of Trust activities and ensuring they apply the highest standards of governance. Its financial responsibilities are to:

- ensure effective and efficient use of resources (ensuring VFM), the solvency of the Trust (Going Concern) and the safeguarding of its assets;
- ensure there are measures to manage conflicts of interest, be even-handed in relationships with related parties, and ensure goods and services provided by them are at no more than cost;
- approve a written scheme of delegation of financial powers that maintains robust internal control arrangements;
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Chief Executive Officer and other senior post holders;
- set a framework for pay and conditions of service of all other staff;
- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the Trust are appropriate and sufficient to safeguard public funds;
- approve the appointment of internal and external auditors;
- establish an audit and risk committee to provide assurance over the suitability of, and compliance with, the Trust's financial systems and operational controls and to manage risk;
- ensure an appropriate and timely response to audit findings;
- ensure management accounts are shared with the Chair of Trustees monthly, with the other Trustees six times a year, and are considered by the Board when it meets, taking action to maintain financial viability (Going Concern);
- secure the efficient, economical and effective management of all Trust resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the Trust is not put at risk;
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- plan and conduct its financial affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure;
- ensure that the Trust complies with the Funding Agreement;

- approve the Trust's strategic plan and set performance targets;
- approve the annual Budgets and 3-year financial forecasts ensuring the Trust remains a going concern;
- approve the annual Financial Statements.

#### 4 **Accounting Officer (AO) Chief Executive Officer**

- 4.1 The Accounting Officer has personal responsibility (which must not be delegated) for assuring The Board of compliance with the Academy Trust Handbook, the Funding Agreement and all relevant aspects of the Company and Charity law. The Accounting Officer is accountable for the Trust's financial affairs, for keeping proper financial records, and for the management of opportunities and risks.
- 4.2 The Accounting Officer must be able to assure Parliament and the public of high standards of probity in the management of public funds, particularly value for money, regularity and propriety.
- 4.3 The Accounting Officer must advise the Board in writing if, at any time, in their opinion, any action or policy under consideration by the Board is incompatible with the terms of the Articles, Academy Trust Handbook or Funding Agreement. Similarly, the Accounting Officer must advise the Board in writing if the Board appears to be failing to act where required to do so by the terms and conditions of the Academy Trust Handbook and Funding Agreement.
- 4.4 If the Accounting Officer believes the Board is in breach of the Academy Trust Handbook or Funding Agreement, the Accounting Officer must notify the ESFA in writing and consult the Academy Trust Handbook.
- 4.5 The Accounting Officer must complete and sign a statement on regularity, propriety and compliance each year. This is submitted to the ESFA within the audited accounts and published on the Trust's website.

#### 5 **Committee Structure**

The Board has ultimate responsibility for the Trust's finances, but delegates specific powers and processes to the committees detailed below. These Committees are accountable to the Board. The constitution, membership and proceedings of any committee shall be determined by the Board under the requirements of The Articles and are set out in the Terms of Reference for each committee.

## 5.1 **Local Governing Body (LGB)**

5.1.1 The Local Governing Body (LGB) is delegated authority under the individual Academy's Scheme of Delegation document and is reportable directly to the ACET Board of Trustees.

5.1.2 The LGB has full responsibility for the effective management of the accounts within the Voluntary Fund.

## 5.2 **Audit and Risk Committee**

5.2.1 It is a requirement of the ESFA, that the Audit and Risk Committee is independent, advisory and reports to the Board on the adequacy and effectiveness of the Trust's governance, risk management, internal control and value for money systems. It has the right of access to obtain all the expertise it considers necessary and to consult directly with the internal and external auditors.

5.2.2 The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also assure itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

5.2.3 The Audit and Risk Committee must review the risks to internal financial control and agree a programme of work that will address these risks and so far, as possible, provide assurance to the external auditors.

## 5.3 **Finance, People & Remuneration Committee**

5.3.1 To support the board in ensuring sound management of the Trust's finances and resources, assisting in decision-making of the board through detailed consideration of financial matters including financial planning, monitoring and probity.

5.3.2 To make such decisions and perform such duties as are delegated to it through the Scheme of Delegation.

5.3.3 Demonstrate to the public that the pay of senior staff is set by a committee which has no personal interest in the outcome of its decision and which gives due regard to the interests of the public and of the financial health of the Trust.

5.3.4 Advise the Trust Board on the performance, appraisal and remuneration packages of the CEO and Principals to ensure that staff are fairly rewarded in relation to their individual contribution to the Trust's overall performance.



## 6 Other Managers with Financial Responsibility

### 6.1 Chief Executive Officer (CEO)

The Chief Executive Officer has responsibility, under the Board's guidance, for the overall organisation, management and staffing and for its procedures in financial and other matters, including conduct and discipline.

### 6.2 Chief Financial Officer (CFO)

Day-to-day financial administration is controlled by the Chief Financial Officer (CFO). Main responsibilities are:

- establishing a sustainable medium term financial plan (going concern);
- preparing and monitoring of the Trust's consolidated financial plans;
- collating specific Academy financial information
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- Utilising CLFP and benchmarking to ensure strong link between curriculum and finance and to allow stakeholders educational comparisons on which to inform decision making.
- preparing the Trust's annual Financial Statements and reports;
- reporting to the ESFA and other regulatory bodies;
- ensuring that the Trust maintains satisfactory financial systems and controls;
- providing professional advice on all matters relating to financial policies and procedures;
- liaison with auditors.

### 6.3 Delegated Budget Holders

6.3.1 Budget Holders are appointed by the Principal or the Chief Executive Officer for financial management for the areas or activities they control. They are advised by the finance team in executing their financial duties.

6.3.2 Budget Holders are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to staff, they are accountable to their Budget Holder for their own budget.

6.3.3 Budget Holders are responsible for following established processes and procedures relating to requesting goods and services.

## 6.4 Central Finance Team

The Central Finance Team oversees the day-to-day financial administration of the Trust and Academies and reports to the CFO. The main responsibilities of the finance team include:

- overseeing the day-to-day finances;
- ensuring an accurate and up-to-date finance system is maintained and controlled;
- ensuring compliance with the Financial Regulations including the implementation and maintenance of effective financial controls;
- supporting service and financial planning processes;
- preparing the budgets and medium-term financial forecasts;
- providing assistance to budget holders;
- producing monthly financial management information;
- assisting internal and external audit reviews;
- training staff on any finance related systems;
- sourcing, and subsequent placing of orders for all goods and services;
- processing payment of invoices;
- support in ensuring decisions are made on sound financial data
- management of petty cash;
- administration and banking of cash, including safe storage and security.

## 6.5 Academy Office Staff

Academy office staff are responsible for following established processes and procedures relating to:

- requesting goods and services;
- administration of petty cash;
- administration and banking of cash, including safe storage and security;
- reporting any issues to the Principal and/or CFO.
- preparation and submission of Census data
- managing parent/carer debt

## 6.6 All Members of Staff

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

6.6.2 All staff should ensure that they are aware of the Trust's financial authority limits and the values of purchases for which quotations and tenders are required (Appendix A).

6.6.3 All staff shall make available any relevant records or information to the CFO in connection with the implementation of Trust financial policies, these Financial Regulations and the systems of financial control.

6.6.4 All staff shall provide the CFO with such financial and other information as deemed necessary, from time to time, to meet the requirements of the Trust and/or LGB.

## 7 **Risk Management**

7.1 The Board has ultimate responsibility for risk management and will be advised by the Audit and Risk Committee. Risk management processes should identify, evaluate and control risks.

7.2 The Board is responsible for producing and maintaining a risk register which demonstrates the results of the risk assessment process. Academies are required to record, monitor and mitigate operational risks.

7.3 The Board is responsible for the Trust's overall Business Continuity Plan a copy of which is distributed to all Academies for them to adapt accordingly. The plan is reviewed and approved by Trustees on an annual basis.

## 8 **Whistleblowing**

The Board is committed to the highest standards of openness, probity and public accountability. Please refer to the Trust Whistleblowing Policy.

## 9 **Code of Conduct**

Members of the Board and LGB are public servants and must not use public monies or official business for personal benefit.

### 9.1 **Gifts or Hospitality**

9.1.1 A register is maintained by the CFO to record hospitality and gifts received over a value of £35. This records the name of the organisation that gave the hospitality/gift, the date it was received, its nature and approximate value.

9.1.2 Any gifts given by academies over a value of £35 must have CFO approval, have the reason fully documented and have regard to propriety and regularity in the use of public funds.

9.1.3 Members/Trustees/Governors must not accept benefits from third parties or use their connection with the Trust for personal gain.

## 9.2 Register of Interests

- 9.2.1 It is the responsibility of the Trustees, under the requirements of the Companies Act 2006 and the ESFA regulations, to ensure they declare their business and other interests.
- 9.2.2 The Trust maintains a register of interests for all Members, Trustees, Governors and senior members of staff. (This is available on the Trust website). The register shall include all trusteeships and governorships and all business interests such as directorships, partnerships, share-holdings or other appointments of influence within a business or organisation. The disclosures should also include business interests of relatives, such as a parent or spouse, and business partners where influence could be exerted over a Board member or a member of staff by that person. The register must also identify any material interests arising from close family relationships between Members or Trustees, and relationships between Members or Trustees and employees.
- 9.2.3 All new Members/Trustees/Governors and senior staff are required to complete a “register of interest” form and pass it to Governance Professional.
- 9.2.4 The register should be updated at least annually.
- 9.2.5 The existence of the register does not detract from the duties of Board members and staff to declare interests whenever there are relevant matters being discussed by the Board/LGB or a Committee. Where an interest has been declared, Board members and staff shall not speak to that item, and if necessary, may be asked to withdraw from that part of any committee or other meeting.

## 9.3 Trustees’ Remuneration & Expenses

- 9.3.1 The Board should not receive any remuneration for their work as Trustees other than payment of all reasonable out-of-pocket travel, accommodation or other expenses legitimately incurred by them in connection with their attendance at meetings, acting in their capacity as a member of the Board. Such reimbursements will be disclosed accordingly in the Financial Statements. Other payments to Trustees must be permitted by the Articles, or by express authority from the Charity Commission.
- 9.3.2 Travel and subsistence allowances will be payable to Trustees/Governors undertaking Trust duties at the rates applicable to other Trust staff.
- 9.3.3 All expense claims will be submitted to the Governance Professional and authorised by the CFO and paid in accordance with normal Trust procedures.

- 9.3.4 The CFO will report annually to the Board/LGB on significant expenses (including travel) incurred by Directors/Governors.
- 9.3.5 No member of the Board may hold any interest in property belonging to the Trust. Nor may they receive remuneration in respect of any contract to which the academy is a party.
- 9.3.6 Members of the Board, or any partner or connected person of his or hers, may be paid the usual professional fees for business undertaken by them in a professional capacity on behalf of the Trust, upon approval by the rest of the Board. This exceptional payment may only be allowable if:
- at no time a majority of the Board is engaged in such a professional capacity, and
  - Individuals withdraw from any meeting at which their remuneration, or that of their partner/relative, is discussed.
  - standard procurement procedures are followed to ensure Value for Money is achieved.
- 9.3.7 Trustees must not accept benefits from third parties.

#### 9.4 **Goods or services provided by connected individuals/organisations**

- 9.4.1 The Trust must pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include services provided under a contract of employment):
- any Member or Trustee;
  - any individual or organisation connected to a Member, Trustee or Governor (consult CFO for more guidance);
  - any individual or organisation that is given the right under the Trust Articles to appoint a member or trustee of the Trust, or anybody related to such an individual or organisation

Whilst these provisions do not apply to contracts of employment, the same principles of securing value for money and using public funds properly, including managing conflicts of interest, will still apply. Salaries paid should be appropriate to the individual's skills and experience and the salary rates paid in the wider market.

- 9.4.2 The Trust must report all transactions with related parties to the ESFA in advance of the transactions taking place. The Trust must obtain ESFA approval for transactions with related parties that are novel, contentious or repercussive. Academies should seek CFO guidance in all cases.

- 9.4.3 The Trust must ensure that any transaction with a connected individual/organisation is:
- a. properly procured through an open and fair process,
  - b. supported by a statement of assurance from that individual or organisation that their charges do not exceed the cost of the goods or services,
  - c. on the basis of an open book agreement including a requirement for the supplier to clearly demonstrate, if requested, that their charges do not exceed the cost of supply.
- 9.4.4 Full cost includes all direct costs and indirect costs (i.e. a reasonable proportion of share of fixed and variable overheads). It must not include any profit element.
- 9.4.5 Academies must maintain sufficient records to evidence that transactions with connected parties have been conducted in accordance with the highest standards of accountability and transparency required in the public sector.
- 9.4.6 A central list of connected individuals/organisations is maintained by the Governance Professional published on the Trust website).

## **C Financial Management and Control**

### **10 Service and Financial Planning**

10.1 Each academy must have a 3-year Financial Plan (linked to the Academy Improvement Plan AIP) which incorporates the values and aims of Aston Community Education Trust. It must be reviewed and adjusted annually during the summer term (no later than 30 June) to link into the key areas, objectives and budgets for the following and subsequent years.

10.1.2 The CEO is responsible for the development and monitoring of the AIP in conjunction with academy Principals, Academy Improvement Team (AIT) and the CFO. The Principal has delegated responsibility for ensuring the relevant areas of the AIP are communicated to staff.

### **10.2 Budgeting**

10.2.1 The Board is required to approve an annual balanced budget forecast to be submitted to the ESFA by 31 July. This must be minuted. The Board must approve any significant changes to the annual budget, which can draw on unspent funds brought

forward from previous years. The Board must notify ESFA within 14 days of a proposed revenue deficit carry forward.

10.2.2 The CFO is responsible for overseeing the preparation of each academy's budget forecast for consideration and approval by the Board. These are subsequently formally approved by the Board (via the Finance Committee).

10.2.3 The CFO shall support and document the budgetary process and make the supporting papers available for inspection as required.

10.2.4 All budgets must be prepared on an accruals accounting basis and split into 12 monthly reportable periods.

10.2.5 Budgets should be seen as working documents which may need revising throughout the year as circumstances change. Projected annual outturn is monitored monthly.

10.2.6 The Central Finance Team must use the Trust budgeting software to prepare and monitor budgets.

10.2.7 Expected surplus should be disclosed in the budget forecast prior to each financial year and approved by the Board. Clear future plans for the cumulative surplus to be carried forward must specify how it will be used to benefit pupils. The Board and ESFA will question any substantial surpluses with no clear plans for its use.

## **11 Financial Control**

### **11.1 Budget Monitoring & Control**

11.1.1 The CFO will be responsible for notifying the Board and CEO of actual monthly results compared to the annual budget. Variance analysis is the responsibility of the CFO, supported by the finance team.

11.1.2 The CFO is responsible for reporting consolidated monthly results to the Board, detailing the results of the individual academies.

11.1.3 The Board will determine the format and content of the reports to be produced by the CFO.

11.1.4 Budget Holders will exercise proper and effective budgetary control of expenditure and income and will not commit any expenditure unless it is provided for in the approved budget. Delegated budget holders may commit expenditure within the

limits of their budget allocations. The CEO and Principals reserve the right to restrict the authority of budget holders where appropriate.

11.1.5 The inclusion of any item in the budget shall confer authority to incur expenditure, subject to compliance with these Financial Regulations.

11.1.6 The finance team shall issue monthly reports to Budget Holders in accordance with annual reporting schedules. These reports must be reviewed by budget holders and significant variances to the budget forecast investigated.

11.1.7 Through review of monthly management accounts, the CFO will identify any areas of underperformance against budget and take appropriate action. Any significant deviations from budget need to be communicated to the Finance Committee as soon as is practicable. Budget overspends must be justified. Necessary actions must be taken to ensure the budget is not in a projected deficit for the financial year-end. Any significant changes to the annual budget require Board approval.

## 11.2 **Budget Changes/Virements**

11.2.1 Any budget revisions must be approved by the Trustees.

11.2.2 An annual budget and subsequent 2 years forecast is submitted annually to the ESFA.

## 11.3 **Reconciliations**

11.3.1 The CFO is responsible for ensuring the following reconciliations are performed at least monthly:

- Bank balance per the nominal ledger to the bank statements
- Purchase and sales ledger to the nominal ledger
- VAT
- Income
- Other balance sheet items.

11.3.2 The finance manager is responsible for ensuring the following reconciliations are undertaken at least monthly:

- Payroll
- Petty cash
- Cash Banking



## 11.4 **Month-end**

11.4.1 It is the responsibility of the finance team to undertake the necessary month-end procedures requested by the CFO. The finance team will prepare budget monitoring reports each month of which the CFO will undertake a thorough financial review. The latest financial position must be shared with the Board and CEO as per the agreed reporting requirements.

## 12 **Accounting Requirements**

### 12.1 **General**

12.1.1 The Trust financial year runs from 1 September to 31 August and is split into 12 calendar month reportable periods.

12.1.2 The controls and processes outlined in these Financial Regulations extend to the treatment of public and private funding.

12.1.3 The CFO will be responsible for ensuring that sound accounting and financial records are kept. All systems of accounting maintained by the Trust will be structured to enable management accounts and annual accounts to be produced in accordance with statutory obligations and the requirements of the ESFA as determined from time to time.

12.1.4 The CFO will ensure that financial records are retained in accordance with the requirements of the Board, the ESFA and other statutory bodies as appropriate.

12.1.5 The CFO will ensure that adequate controls exist over financial data entry, processing, storage, transmission and output to ensure security, confidentiality, accuracy, completeness and timeliness of the data, as well as the efficient and effective operation of the system.

12.1.6 The CFO will ensure that new systems and amendments to current systems are developed in a controlled manner and are thoroughly tested prior to implementation. All testing will be performed in an isolated environment away from the 'live' financial system.

12.1.7 The CFO will ensure that appropriate segregation of duties exists in respect of all financial tasks performed.

12.1.8 The CFO shall make proper arrangements to ensure the accurate and timely payment of taxes due, together with appropriate tax returns, within the due dates, ensuring

that the Trust does not incur penalties for the incomplete treatment of VAT, PAYE and other taxes.

## 12.2 **Basis of Accounting**

12.2.1 The CFO is responsible for producing the Trust annual statutory accounts in accordance with applicable United Kingdom Accounting Standards, SORP, ESFA guidelines, and the Companies Act 2006.

12.2.2 The statutory accounts will be prepared according to the accounting policies approved by the Board.

12.2.3 The CFO and Accounting Officer are responsible for submitting the required annual returns to the ESFA in line with deadlines.

## 13 **Audit Requirements**

### 13.1 **External Audit**

13.1.1 External auditors must be appointed by The Members (upon recommendations from the Audit and Risk Committee and approval by the board). External Audit is a legal requirement.

13.1.2 The CFO is responsible for liaising with the External Auditors under the guidance of the Audit and Risk Committee.

13.1.3 It is the responsibility of the Audit and Risk Committee to ensure that the issues noted in the Report to those charged with governance issued by the External Auditor are acted upon.

13.1.4 The ESFA must be notified immediately of the removal or resignation of auditors.

### 13.2 **Internal Audit**

13.2.1 The independent process of internal audits will be led by the Audit and Risk Committee, which has the right to access all the information it deems necessary, without the presence of management.

13.2.2 Internal Auditors must be appointed by the Board.

13.2.3 Internal Audit may not be undertaken by the Trust External Auditors.

13.2.4 Internal Audit has a responsibility to consider Value for Money.

13.2.5 Internal audit should adopt a risk-based approach to planning the work. Internal audit must consider the whole of the Trust risk management, control and governance arrangements, including all its operations, resources, staff, services and responsibilities to other bodies. It should cover all activities of the Trust.

13.2.6 The Internal Auditor's plan is to be reviewed and approved annually by the Audit and Risk Committee.

13.2.7 Findings from the Internal Auditors will be circulated to the Audit and Risk Committee which will monitor the progress of the implementation of recommendations from the Auditors. The Internal Auditors will follow up on any recommendations made to the Trust.

### 13.3 **Fraud and Corruption**

13.3.1 The Board is absolutely committed to maintaining an honest, open and well-intentioned atmosphere within the Trust, so as best to fulfil the objectives of the Trust and of the Department of Education. It is also committed to the elimination of fraud within the Trust, to the rigorous investigation of any such cases, and where fraud or other criminal act is proven to ensure that wrong doers are appropriately dealt with. The Trust will also take appropriate steps to recover any assets lost as a result of fraud.

13.3.2 The Board will encourage anyone having reasonable suspicions of fraud to report them. The Trust policy, which will be rigorously enforced, is that no employee should suffer as a result of reporting reasonably held suspicions.

13.3.3 The CEO will ensure that issues raised under the Trust Public Interest Disclosure (whistle blowing) procedure which have a bearing on the Trust Financial Regulations, are investigated in accordance with that procedure.

13.3.4 The Board will ensure that detailed policies and procedures for dealing with suspected cases of theft, fraud or corruption are in place.

13.3.5 The Accounting Officer will be responsible for ensuring that potential conflicts of interest are recorded in order to ensure the avoidance of actual conflicts of interest. This includes, but is not restricted, to the maintenance of the Trust Register of Interests and central checks against this register by the Governance Professional. Any potential conflicts of interest so arising will be notified to the Accounting Officer.

13.3.6 External and Internal Auditors will plan and conduct their work so that they will have a reasonable expectation of detecting material financial irregularities including fraud and breach of the Financial Regulations. However, neither external nor internal audit are required to search specifically for irregularities and fraud and their audit should not therefore be relied upon to disclose them.

13.3.7 The Accounting Officer will ensure that the financial, planning and other management controls applied by the Trust are appropriate and sufficient to safeguard public funds.

13.3.8 Any significant (determined by the Academy Trust Handbook) or systematic/unusual instances of fraud or theft must be notified to the ESFA, therefore the CEO must be notified immediately.

## **14 Treasury Management**

### **14.1 Treasury Management Policy/Control of Investments**

14.1.1 The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation.

14.1.2 The Board is empowered to borrow money in accordance with powers laid down by the Articles. ESFA approval must be obtained prior to any borrowing being entered into.

14.1.3 The CEO is authorised to make arrangements with the Trust bankers in accordance with the approved instructions of the Board.

14.1.4 The CFO will ensure that the Trust maximises its investment opportunities within a low-risk environment, as set out within an Investment Policy.

14.1.5 The CFO is responsible for ensuring that the requirements to be set out in the Investment Policy are followed prior to the placing of any investment and for maintaining records of any investments made. The CFO will report regularly to the Finance Committee and the Board.

14.1.6 The Board may invest to further the Trust charitable aims, but must ensure the investment risk is properly managed and meets the conditions laid out in the Academy Trust Handbook and Articles of Association.

## 14.2 **Cash flow Forecasting**

14.2.1 The CFO will ensure that detailed liquidity projections exist for the rolling 12-month period based upon the most up to date information and assumptions available.

14.2.2 The Board will be informed of the Trust liquidity position through the monthly management accounts.

14.2.3 If significant balances can be foreseen, consideration should be given to investing the surplus funds in line with the Investment Policy. Similar plans should be made to re-profile annual spending plans to cover potential cash shortages.

## 14.3 **Appointment of Bankers and Other Professional Advisers**

14.3.1 Appointment of new bankers or professional advisors requires Board approval.

## 14.4 **Banking Arrangements**

14.4.1 The CEO shall determine the authorised signatories for the Trust accounts.

14.4.2 The CFO is responsible for the opening and closing of bank accounts required for the control and monitoring of the Trust finances in accordance with the bank mandates held by the Trust bank. All accounts will be in the name of "Aston Community Education Trust". Academies must not open separate bank accounts with other banks. All banking arrangements must be done through the Trust.

14.4.3 No cheques may be drawn for cash other than for petty cash reimbursements unless expressly authorised by a mandated signatory and the CFO.

14.4.4 Bank accounts of the Trust do not have overdraft facilities.

14.4.5 The CFO will provide regular reports for the Board regarding the Trust borrowing.

14.4.6 Payments may only be approved by the authorised signatories in accordance with the agreed bank mandate.

14.4.7 Blank cheques will not be signed on any occasion.

14.4.8 The CFO is responsible for ensuring bank statements are reviewed regularly and that reconciliations are completed at least monthly.

## 14.5 Security of Cash, Cheques and other Negotiable Instruments

14.5.1 The CFO is responsible for the safe custody of cash and must ensure that regular and frequent reconciliations are undertaken. Responsible members of staff must make appropriate arrangements for the safety of any keys to safes and similar receptacles. The loss of such keys must be reported to the CFO at the earliest opportunity. Finance Managers shall maintain a register of all authorised key holders.

14.5.2 All cheques, postal orders, cash etc. shall be banked or redistributed between academies within the trust at least weekly as long as the maximum cash held at any point in time is within the Trusts insurance limits (£5,000). Disbursements shall not be made from cash received. Paying-in slips must state the deposit amount and a reference to the receipt/debtor etc.

14.5.3 Under no circumstances shall official monies be used for the encashment of private cheques, neither must change be given when payment is made by cheque.

14.5.4 Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be reported immediately to the CFO.

## 14.6 Borrowing and Leasing

14.6.1 The Board shall approve any borrowing or finance leasing arrangements which the Trust enters into. Borrowings are only to be entered into when the Trust financial position warrants it. The relevant tender processes will need to be entered into to ensure the Trust achieves Value for Money.

14.6.2 Academies require ESFA approval for:

- a taking up a finance lease on any class of asset for any duration from another party;
- b taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years;
- c granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

14.6.3 The CFO should be consulted prior to any leases or borrowing being entered into and ESFA approval obtained where required.

14.6.4 Operating leases do not require ESFA approval but must be approved by the CFO.

## 14.7 **Guarantees, Indemnities and Letters of Comfort**

14.7.1 No individual of the Trust may enter into any guarantees, indemnities or letters of comfort without consent of the Board. The CFO must seek approval from the Secretary of State, as dictated by the Academy Trust Handbook, prior to any guarantees, indemnities or letters of comfort being granted.

## 15 **Income**

### 15.1 **External funding**

15.1.1 The CFO or appropriate delegated person will be responsible for securing external funds and for ensuring that all submissions for external funds are appropriate and financially viable. If successful, the CFO or appropriate delegated person will be responsible for ensuring appropriate and sufficient project management and compliance with Funding Agreements.

15.1.2 The CFO will be responsible for ensuring that sound accounting and financial records are kept. This includes appropriate and full disclosure of any deferred income, provisions or liabilities arising, as they become known.

15.1.3 The Audit and Risk Committee will ensure that appropriate audit arrangements exist to meet individual external agency requirements.

### 15.2 **ESFA Funding**

15.2.1 The initial calculation for individual Academy's General Annual Grant (GAG) will be issued by the ESFA and must be checked by the finance team.

15.2.2 The ESFA GAG will be paid in 12 equal instalments in the first week of each month.

15.2.3 The Board is responsible for ensuring that ESFA funding is spent in line with the Funding Agreement.

15.2.4 Other forms of delegated funding are received by the Trust and/or Academy from the ESFA (Pupil Premium, Devolved Formula Capital, PE and Sports Grants etc.) and other funding bodies. Academies must ensure they comply with any reporting requirements associated with these funds.

### 15.3 Other Income

15.3.1 The CEO, in liaison with the CFO, is responsible for setting external charge out rates for the academy's employees. These charges should be at full cost, but can apply an additional rate of return when in a commercial environment.

15.3.2 Internal charge out rates for Central Office staff will be at no more than full cost (including administrative overheads) to individual academies, but can apply a rate of return when in a commercial environment.

15.3.3 Finance Managers are responsible for reconciling all academy income at least monthly, supported by the finance team as required.

15.3.4 The CFO is responsible for maintaining a file of all submitted grant funding applications along with evidence of spending in accordance with funding terms and conditions. The finance team will support them in this role.

### 15.4 Income Procedures & Collection of Debts

15.4.1 The Finance Manager and/or relevant member of staff will ensure that:

- any income due to be billed is notified to the finance team promptly;
- any cash income due is collected, recorded and banked in line with agreed processes and procedures;
- VAT is correctly accounted for;
- any outstanding debts in relation to cash collection in academies are monitored and reports prepared for the Board;
- evidence of chasing / managing debts is retained.

15.4.2 The Finance Team will ensure that:

- invoices are raised promptly on official invoices, in respect of all income due with payment terms of no more than 30 days;
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;
- any credits granted are valid, properly authorised and completely recorded,
- VAT is correctly accounted for;
- monies received are posted to the correct debtor's account;
- swift and effective action is taken in collecting overdue debts (in accordance with Trust procedures);
- outstanding debts are monitored and reported to the Board;
- evidence of chasing debts is retained.



15.4.3 In instances where a debt is not collectable (all credit control and debt collection activities are exhausted), it should be written off subject to approval stated in Appendix B. The CFO must be consulted prior to writing off any debts to ensure ESFA approval is obtained where required (dictated by the Academy Trust Handbook).

15.4.4 The prudence concept must be maintained at all times and provisions made accordingly in the accounting records for bad debts.

15.4.5 Refunds/credit notes over £1,500 can only be raised by the finance team with authorisation from the CEO and confirmation of the original receipt of funds.

## 15.5 **Cash Income/Cheque Deposits**

15.5.1 Receipts must be given for any cash income. All receipts should be sequentially numbered and linked to the finance system of the Trust. All cash income to be counter signed by a second member of staff.

15.5.2 Exemptions may be granted by the CFO where the issuing of individual receipts is not practical. In this instance a list of the cash income generated should be kept and signed by two employees of the academy responsible for collecting/counting the cash.

## 16 **Expenditure**

### 16.1 **General Purchasing**

16.1.1 The Board will ensure that the Trust considers economy, quality, financial risk and efficiency when making arrangements for the purchase of supplies, goods, equipment or services.

16.1.2 The Accounting Officer will have overall responsibility for all purchase orders and service contracts raised but may delegate some responsibility to other individuals, within the purchasing arrangements specified in Appendix A.

16.1.3 A purchasing arrangement for which a significant conflict of interest may arise will not be entered into without Board approval.

16.1.4 The Trust Procurement & Tendering Policy must be adhered to.

16.1.5 Novel, contentious and/or repercussive transactions must be referred to ESFA (via CFO) for explicit prior authorisation.

16.1.6 Appendix A details the Scheme of Delegation of Authority with regards to expenditure commitments within annual approved budgets. Higher levels of expenditure require a chain of approval, i.e. where Board approval is required, the CFO and CEO must also approve as they are accountable for the academy's budget.

## 16.2 **Suppliers**

16.2.1 All new suppliers will be set up by the finance team. Where an academy requires a specific supplier, details must be provided to the finance team.

16.2.2 Any changes to supplier details will be undertaken by the finance team and must be checked and verified appropriately prior to processing. Actions taken to check authenticity must be recorded.

16.2.3 The Trust will review suppliers used at least annually to ensure value for money is being achieved and to identify potential economies of scale throughout the Trust.

## 16.3 **Purchase Orders**

16.3.1 Official authorised purchase orders must be issued for all supplies, work and services required by the Trust, with the exception of:

- Cash purchases properly defrayed from cash imprest accounts (i.e. petty cash transactions).
- Variations of works included in formal contracts.
- Trust debit card expenditure.
- Utilities such as gas, electricity and rates.

16.3.2 Academies are required to submit requests for all goods and services through the purchasing portal.

16.3.3 The finance team will issue all official purchase orders clearly indicating the nature, quality and agreed price of the goods and/or services to be supplied. All orders will be passed to the identified delegated budget holders and the central finance team for approval prior to issuing the order to the supplier. All orders will have a unique purchase order reference.

16.3.4 On occasions where specific arrangements need agreeing with suppliers, this can be undertaken by academies, but they must then put the details onto the purchasing portal for an official order to be raised by the finance team and approved by the appropriate personnel.

16.3.5 Staff should not to use personal credit cards to purchase goods or services on behalf of the Trust.

16.3.6 Specific call-off purchase orders to be allowed only where high volumes of a specific item are required and it is unreasonable to hold high stock levels onsite (e.g. stationery or printer cartridges) and where a high volume of repeat purchase orders would provide poor value for money in the use of administrative resources.

16.3.7 Verbal orders must only be issued as a matter of urgency. These orders should not exceed the delegated authority limit (Appendix A). The CFO should ensure there is a clear process for identifying purchases without a purchase order and take action as deemed appropriate.

16.3.8 Under no circumstances are staff allowed to use the purchase ordering system to obtain goods which are not specifically for use by the academy/Trust.

16.3.9 Where there is insufficient budget available the purchase order may only be raised with the permission of the CFO and providing the transaction does not take the budget into deficit. Any significant budget variations must be notified to the CFO and section 11.1.7 followed.

#### 16.4 **Tenders and Quotations**

16.4.1 To promote the achievement of value for money and impartiality of suppliers, all purchases will be subject to the levels of quotes/tenders/ procurement rules specified in Appendix A, with the exception of:

- The goods are only obtainable from one specialist supplier.
- The goods are only sold at fixed prices.
- Where specific authority is obtained from the Accounting Officer (exceptional circumstances only).

Approval must be obtained from the CFO where this is the case and a note placed on the order clearly setting out the reasons.

16.4.2 For orders in excess of £10,000 evidence of quotes obtained must be retained (per requirements in Appendix A).

16.4.3 All purchases by the Trust shall comply with any purchasing directives, public procurement regulations and with any threshold values contained therein.

16.4.4 In instances where tender arrangements are necessary checks of potential suppliers must be checked against the Trust's register of interests and any potential conflict of

interests be reported to the CFO. The Estates Manager and CFO will be involved in tender exercises over £75k to ensure Trust economies of scales are achieved.

16.4.5 Tender evaluation procedures are detailed in Appendix A and in the Procurement and Tendering Policy.

16.4.6 The CFO will ensure that an appropriate and robust control, monitoring and reporting framework exists to ensure the probity of funds in all of the Trust's procurement arrangements.

16.4.7 Any projects externally funded must follow their specific procurement guidelines as well.

16.4.8 The Trust does not make political or charitable donations from the general school budget. Pupil fundraising is permitted and donations made from the academy's voluntary funds.

## 16.5 **Contracts**

16.5.1 The Academies may secure the provision of some services or arrangements under formal contracting arrangements with prior consent from the CFO. These contracts may be for a period of more than one year, but apply for a maximum of three years and may relate to potential expenditure commitments and income streams arising. Maintenance agreements, leasing or rental agreements shall also be covered by such contract definition. Authorisation of such agreements/arrangements shall be delegated as per Appendix A.

16.5.2 Board approval is required prior to the signing of any contract with a contract value over £250,000. In exceptional cases these can be approved by the Finance Committee in order to increase the Boards ability to approve expenditure in a timely manner. Where this occurs, the Board must be informed retrospectively.

16.5.3 Formal tender arrangements must be applied at least every three years, unless it can be clearly demonstrated that:

- (ii) the supply and/or service is still appropriate to the Trust's needs and
- (iii) relevant market testing has revealed no material financial penalty for not pursuing formal tender arrangements and
- (iv) a change in supplier would necessitate a material capital or other investment e.g. purchases of specific ICT equipment or implementation/consultancy services.

OR

- (v) the supply is demonstrably only available from one specialist supplier

- (vi) where it is impractical to award a variation to works that an existing supplier is contracted for.

16.5.4 The CFO will ensure that all contracts over £10,000 are centrally monitored against individually defined tolerance thresholds. In instances of significant change, a formal contract review will be undertaken, which may include a re-tender in some situations. A contract register will be maintained within the finance team.

16.5.5 The Board will be required to authorise any departures from the normal procurement process as in 16.4.3 above where the contract is over £250,000. Where expenditure is less than £250,000 the CEO/Accounting Officer must approve any departures from the normal procurement process.

The financial limits applying to tender arrangements are specified in Appendix A. Departures from the normal procurement process will be reported to the Finance Committee by the CFO.

16.5.6 Individuals involved in contracting arrangements must declare any potential or actual conflict of interest (including operational arrangements) to the CFO. If the conflict of interest relates to the CFO, the CEO must be informed. Contract agreements cannot be approved by the Officer in Appendix A to whom the conflict of interest relates to. In this situation the contract must be approved by the next officer above as stated in Appendix A.

16.5.7 Budget holders will not make commitments on behalf of the Trust to external suppliers of goods or services until such time that an approved contract or approved purchase order is in place.

16.5.8 Certain leases (finance leases, leaseholds and tenancy agreements) require approval from the Secretary of State. See section 14.6 above.

## 16.6 **Goods Received and Invoicing**

16.6.1 The individual who requested the goods must make appropriate arrangements for ensuring the delivery of goods. On receipt a detailed check of the goods received against the purchase order must be undertaken and a record taken of any discrepancies between the goods delivered and the purchase order. The individual must then formally agree the goods receipt on the procurement portal by approving the purchase invoice. Any discrepancies must be communicated to the finance team.

16.6.2 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the finance team must be notified. Any goods returned to suppliers will be noted on the relevant order in the accounts system.

16.6.3 All invoices received are matched against purchase orders and scanned/saved onto the system once matched. If the invoice doesn't match to the PO but is within a 5% threshold (or £500 if lower) then the invoice can be matched and processed. If the invoice varies from the PO above this threshold, then the invoice requires authorisation from the budget holder. For Invoices without a PO these must be approved by the budget holder in accordance with Appendix A. Once authorised the invoice must be scanned onto the system.

16.6.4 If a Budget Holder is pursuing a query with a supplier the finance team must be informed of the query and periodically kept up to date with progress.

## 16.7 **Certification of Invoices**

16.7.1 Processing an invoice for payment certifies that the following checks have been made:

1. The goods or services have been received or provided satisfactorily in accordance with the Trust's purchasing arrangements.
2. Prices, discounts, other allowances and VAT calculations are correct.
3. The expenditure has been properly incurred.
4. The invoice is properly coded.
5. The invoice has not previously been paid.
6. The invoice has been properly authorised.

16.7.2 The CFO must ensure there is a process for ensuring duplicate invoices cannot be paid. Copy invoices are not to be paid unless exhaustive checks have been performed to confirm payment has not been made. Under no circumstances are payments to be made against supplier statements.

16.7.3 The CFO may withhold payment of any account where he is not satisfied that the account is in order.

## 16.8 **Payment Routines**

16.8.1 Invoices for payment will be certified as soon as possible and in any case in sufficient time to enable any discounts or other rebates to be obtained. The CFO will make suitable arrangements to ensure payments are made in line with credit terms.

16.8.2 General payment terms are 30 days. Any changes to these terms must be agreed with the CFO in advance of placing an order. Only emergency purchases or urgent

payments at academies can be made outside the standard payment runs. This will be monitored by the CFO.

16.8.3 In the case of contracts for works which require payment to be made on account during the progress of the work the Estates Manager shall instruct payments to be made on receipt of a valid certificate and /or appropriate evidence of compliance from the appropriate technical consultant or professional.

16.8.4 In exceptional circumstances, where the selected supplier will only deliver goods or services on the basis of payment with the order or otherwise in advance of delivery, the finance team will arrange for payment clearly indicating payment in advance for goods/services after prior agreement from the CFO, subject to later confirmation of satisfactory receipt of those goods and services.

16.8.5 The CFO is responsible for ensuring that there are clear processes and procedures that are robust and minimise the risk of fraud in the production and authorisation of all payments and appropriately records all transactions on a timely basis.

#### 16.9 **Debit Card**

16.9.1 All expenditure on the trust debit card must be pre-approved by the CFO. Any purchases above £500 must also have CEO approval.

16.9.2 The debit card should be locked away at all times and keys held by a responsible individual.

#### 16.10 **Petty Cash and Out of Pocket Expenses**

16.10.1 The Finance Manager has responsibility for overseeing the operation of the Academy's petty cash system. The balance held will not be larger than is required to meet expenses likely to be incurred.

16.10.2 The maximum level of cash float held at any time is set according to Appendix A.

16.10.3 Petty cash should be locked away at all times and keys held by a responsible individual.

16.10.4 General payments made from petty cash are to be limited to minor expenditure, to a maximum transaction value of £50, for which there is proper authority and provision in budget expenditure (authority required prior to reimbursement).

Requests for reimbursements above this limit require authorisation from the CFO and are to be claimed through an expenses form.

16.10.5 Appropriate VAT vouchers/receipts must be produced for all reimbursements. Reimbursements can only be made for Trust expenditure paid in cash / debit card. Staff must not use loyalty cards or credit cards when making pre-authorised purchases on behalf of the trust.

16.10.6 Petty cash slips must be used for recording all petty cash transactions. Sequential voucher numbers are used and the forms must be signed by both claimant and authorising individual once completed and passed to a member of the finance team.

16.10.7 The following items cannot be reimbursed via petty cash:

Item	Correct Procedure
Alcohol	Alcohol cannot be claimed for at all.
Staff Subsistence and mileage	Claim through Payroll. These items must be submitted, together with receipts, on a Travel Expense Claim Form.
Casual work or payment of services (e.g. referees)	Refer to Payroll for correct method of payment.

16.10.8 The Finance Manager is responsible for the prompt monthly reconciliation of petty cash and retention of petty cash audit documents. Unannounced petty cash counts may be undertaken by the CFO/Finance Manager to ensure that the cash balance reconciles to supporting documentation.

### 16.11 Cash Advances

16.11.1 The Principal/CEO may provide cash advances to individuals to cover approved expenses less than £50, which will be incurred wholly, necessarily and exclusively in the performance of future Trust duties in the UK.

16.11.2 The cash advance recipient is required to provide a reconciliation of the advance including all original supporting documentation within five days of the completion of the event or activity.



16.11.3 Where an expense appears excessive and the matter cannot be satisfactorily resolved with the individual concerned, it will be referred for a decision to the Principal/CEO. Where the Principal/CEO decides that the expenses claim cannot be justified the individual will be required to make a corresponding repayment. If the expense claim relates to the Principal/CEO the decision will be made by the Chair of the LGB/Board.

16.11.4 Any un-reconciled and non-repaid funds will be recovered from the individual concerned through the next available payroll.

16.11.5 The maximum level of cash advance held at any time is set according to Appendix A.

## 17 **Payroll Expenditure**

17.1.1 Pay increases for CEO and Principals require Board approval, in accordance with the Academy's Scheme of Delegation.

17.1.2 The ESFA has strict guidelines for Staff Severance payments, Compensation payments & Ex gratia payments. Prior to any commitments to such payments the CFO must be notified and ESFA guidance followed. ESFA approval may be required.

### 17.2 **Payroll Administration**

17.2.1 The payroll function is delivered by the Trust. Any appointments, resignations, pay changes, overtime etc. must be authorised by the Principal/CEO and records kept in personnel files.

17.2.2 The Principal/CEO is responsible through his or her officers for ensuring that there are appropriate processes and procedures in the record keeping for personnel.

17.2.3 Payment of salaries or wages before the due payment day may not be made, except at the discretion of the CPO/CEO.

17.2.4 Draft payroll reports should be compared to the months budgeted payroll costs and any variances investigated. Monthly payroll reports must be approved by the human resources managers prior to payment.

17.2.5 The finance team are responsible for ensuring that information relating to payments made are accurately recorded on the Trust's finance system as soon as possible after the payment has been made. Payroll costs must be reconciled monthly to the payroll reports provided and the bank account.

17.2.6 All staff are paid monthly by bank credit transfer to their bank accounts.

### **17.3 Appointment of staff**

17.3.1 Academies should refer to their Schemes of Delegation, which states the level of Trust involvement in the appointment of the Principal and the other members of the senior leadership team. The Trust and senior leaders have the authority to appoint staff within the approved budget. The HR Manager must sign all new starter forms.

17.3.2 HR are responsible for the set up and maintenance of personnel files and the issuing of contracts of employment (using Trust templates for Contracts of Employment). Designated academy office staff are responsible for maintaining a Single Central Record.

### **17.4 Payments of Overtime, Travel Subsistence and other allowances**

17.4.1 Overtime and additional hours must be pre-authorised by the Estates Manager for all site staff and by the Principal/CEO for all other academy staff subject to there being sufficient available budget. The CEO is responsible for authorising claims relating to the Principal and the Chair of the Board for authorising claims relating to the CEO.

17.4.2 All pay related documents shall be in a form requested by the Payroll Administrator.

17.4.3 All claims should be certified on the relevant expenses form by the relevant delegated budget holders. The certification shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances/overtime are properly payable and are in accordance with the current Trust's schedule of allowances (Appendix A).

17.4.4 Monthly claims should not be submitted more than two months after the month in which the hours/expenditure on the claim were incurred without express authorisation from the Principal/CEO.

### **17.5 Payment of Expenses**

17.5.1 The Trust will only make employee reimbursements when claims are substantiated by supporting evidence (receipts etc.) which have been incurred wholly in the performance of the Trust's/Academy's duties.

## 17.6 Disclosures

17.6.1 The CFO will ensure that all appropriate disclosures relating to Directors and other higher paid staff are appropriately and fully disclosed in the Annual Financial Statements.

## 17.7 Arrangements for Agency Staff

17.7.1 Cover Managers are responsible for arranging their agency staff and the finance department are responsible for ensuring employment tax legislation is followed.

## 18 Assets/Inventory/Stock

18.1.1 All items purchased with a value over the capitalisation limit of £1,000 must be entered in an asset register subject to the conditions of the accounting policies. The fixed asset register is the responsibility of the Estates Manager and CFO, which forms the basis of the annual depreciation charge.

18.1.2 ESFA approval is required prior to acquiring or disposing of freehold land and buildings or heritage assets. The Board determine the basis for valuing land and buildings in the Trust's Financial Statements.

18.1.3 All the items in the register should be permanently and visibly marked as the Trust's/Academy's property and there should be a regular annual count by someone other than the person maintaining the register. Discrepancies between the register and the physical assets should be investigated promptly and where significant reported to the LGB and CFO. Additional Inventories of Academy property should be kept up to date and reviewed regularly.

18.1.4 The asset register should include the following information:

- Asset description
- Asset number
- Date of acquisition
- Asset cost
- Source of funding
- Depreciation
- Current net book value
- Location

18.1.5 Assets should not be used for personal use or leave the company's premises without prior approval from the Principal/CEO. A record of the loan must be maintained. Any

loans over an extended period may give rise to a 'benefit-in-kind' for taxation purposes. (Consult the Trust's tax advisors for advice.)

18.1.6 Depreciation is provided on all fixed assets other than freehold land, calculated to write off the cost of each asset over its expected useful life, as follows:

Leasehold buildings	<1% - 20% straight line
Computer equipment	33.33% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

18.1.7 Academies must ensure that a 10-year maintenance/upgrade profile is maintained for premises and a 5-year ICT replacement cycle is maintained. These cost projections must then be linked to the budgets.

## 18.2 Disposal of assets

18.2.1 Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with Appendix B and where significant should be sold following competitive tender.

18.2.2 The Trust must ensure that asset disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

18.2.3 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Academy would need to ensure licences for software programmes have been legally transferred to the new owner.

18.2.4 If disposing of assets purchased by capital grant funding, the specific Funding Agreement should be consulted to ensure funding conditions are met and funding will not be clawed back.

18.2.5 All disposals of freehold land and buildings and heritage assets must be agreed in advance with the Secretary of State via the ESFA.

### 18.3 **Stock**

18.3.1 Budget holders / Principals are responsible for the custody and physical controls of any stock of goods and keeping relevant records, ensuring stock levels are not held in excess of reasonable requirements.

18.3.2 Budget holders / Principals are responsible for reconciliation of stock at month/year end.

## 19 **Tax**

19.1 The Trust is registered for VAT. This applies to all activities within the Academies and to all funds. VAT must be charged on any sales invoices raised by the Trust in line with current VAT regulations. Where eligible VAT on purchases will be reclaimed through HMRC in line with current VAT regulations.

19.2 Academies must follow all VAT guidance and instructions issued by the CFO in order to comply with current VAT regulations.

19.3 The CFO is responsible for dealing with the Trust's corporation tax exemption with HMRC.

19.4 The CFO is responsible for ensuring payroll creditors to HMRC are reconciled between the payroll reports and the Trusts bank account.

19.5 Any payments to contractors and sub-contractors must be made in accordance with the Construction Industry Tax Deduction Scheme (CITDS).

19.6 The Estates Manager / Principals are responsible for ensuring any contractors/consultants used by the Academy are notified to the finance team in order that they have tax deducted from any payment made and this is paid over to HM Revenue & Customs as if they were employees. This is facilitated through payroll.

## 20 **Other**

### 20.1 Insurance

20.1.1 The CFO shall be responsible for appropriate insurance cover and negotiating for the settlement of all claims.

20.1.2 Trust Academies are insured under the ESFA's Risk Protection Agreement. Membership rules and details of the scheme can be found at

[www.gov.uk/academies-risk-protectionarrangement-rpa](http://www.gov.uk/academies-risk-protectionarrangement-rpa). The scheme does not cover all the areas in which academies require insurance (i.e. motor). It is the CEO / CFO / Finance Manager's / Estate Manager's responsibility to review all risks to the Academy and ensure adequate insurance cover.

20.1.3 All staff members shall give prompt notification to the Finance Manager of:

- i all new risks which require cover and any alterations affecting existing insurances.
- ii any loss, liability or damage or any event likely to lead to a claim.

Finance Managers / Estates Manager will notify the insurer of any new risks or any other alterations affecting existing insurance.

20.1.4 The CEO and CFO must be informed of all potential claims. The Finance Managers must immediately advise its insurers of any accident, loss or other incident which may give rise to a claim.

## 20.2 **Accounting system**

20.2.1 All financial transactions must be recorded on the approved accounting system (Xero) in the agreed format. The system is overseen by the CFO.

20.2.2 The CFO will control the nominal chart of accounts for all accounting systems to facilitate consolidation of results and submission of reports to ESFA etc.

20.2.3 All transactions input on the accounting system must be authorised in accordance with the procedures specified. Guidance on operating Approval Max can be found in the user manuals.

## 20.3 **System access**

20.3.1 The accounting system is protected by access permissions to authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords should not be compromised. The CFO is responsible for restricting access to Xero and determining access levels for all users of the system.

20.3.2 The finance team must be notified of any leavers who have access to the system and access to the system will be removed.

## 20.4 **Back-up procedures**

20.4.1 The Network Manager is responsible for ensuring the Academy's IT systems have sufficient back up procedures in place.

## 20.5 Retention of Records

20.5.1 The Trust must retain all records necessary to verify the provision delivered by it or its subcontractors in relation to the ESFA Handbook and the Funding Agreement six years after the end of the period to which funding for the provision relates. Principals are responsible for retention of Academy records. This is also a requirement of HMRC.



## Appendix A – Scheme of Delegation of Authority

### Income, contracts, normal consumable expenditure (goods & services) and capital

Amount *1	Approval
Any involving financial probity, novel or contentious transaction, irregular, improper or non- VFM transactions.	ACET Board (& possibly ESFA, contact CFO in all instances)
Up to £74,999	Principal / CEO / Estates Manager / Network Manager / Central Finance
Between £75,000 and £249,999	CEO and CFO – Report to Finance Committee for information
Over £250,000	ACET Board (Finance Committee by exception – to Board)

All Orders (Revenue & Capital)	Process
Less than £10,000	Achieve VFM
Between £10,001 and £74,999	Minimum of 2 quotes in response to a specification issued by the Academy
£75,000 to Public Procurement Regulations 2021 threshold	3 Formal written tenders (inform CFO). Refer to Procurement and Tendering Policy.
Over Public Procurement Regulations 2021 threshold	Publish notices on e-notification service 'Find a Tender' (FTS )

Orders must not be artificially split to avoid these limits.

Any order with a connected party of the Trust must be at cost (no profit element charged to the Trust) and declared to the CFO – see section 9.4.

Any External Funding Spend must comply with Funding Agreement.

\*1 Note – These limits can be restricted further or additional levels of authority imposed by the Board if considered necessary (i.e. Academy classified as RI, Academy not following Finance Regulations)



## **Contracts**

Approval of contracts/SLAs same as above dependant on the total value over the length of the contract. Contract checklist must be completed for all contracts/SLAs and for contracts exceeding £10,000 the completed checklist and signed contract must be provided to the CFO.

Conflicts of Interest must be declared to the CFO prior to approval.

All departures from contract up to a value of £50,000 require approval from the CEO and CFO. Any variation above £50,000 must also be approved by the ACET Board.

CFO must be notified of any leasing arrangements prior to commitment being made. Certain leases require authority from ESFA

## **Tendering**

Tendering must be completed for goods/services over £75,000. Total spend is over the lifetime of contract NOT annually. All Tender openings must have a representative of the ACET Board plus at least two others (Principal, CFO, Estates Manager, Network Manager, CEO).

The relevant tender opening documentation must be completed and made available to the CFO.

UK procurement thresholds apply to the following spend over the lifetime of a contract (not annually) and for an assumed minimum of 4 years' contract

>£426,995 (incl. VAT) for supplies/services >£5,336,937 (incl. VAT) for capital

## **Capital**

The process for capital is based around the budgeting process. Any subsequent requests are treated on merits and subject to availability of cash. Annual capital budget is approved by the Board. Once approved, spend can be committed.

Items <£1,000 will not be capitalised.

## **Cash**

- **Petty Cash**

Used to reimburse small cash items <£50.

Maximum float at any time must be within the insured limit.

- **Employee cash advances**

Up to £500 – authorised by CPO/CEO. This can only be used for expenses that are likely to be incurred imminently (e.g. trips with students).

All advances or petty cash advances must be subsequently returned or an expense claim form submitted within a month of the activity. This must be accompanied by valid receipts.

## **Expenses limits** (emphasis on what is fair and reasonable)

All hotel bookings must be made through central finance.

Meals - Evening £25 (no alcoholic drinks permitted), Lunch £15, Breakfast £10 (if not incl. in hotel's standard charge)

Mileage rate - up to 45p per business mile for the employee's first 10,000 miles pa, 25p per business mile over 10,000 miles. (Additional 5p per passenger can be paid at the discretion of the Principal/CEO) (Must hold current driving licence, MOT & have insurance cover for business use, otherwise expenses will not be paid)

Note: this is a brief summary of limits; further details are contained in accompanying policies.



Appendix B – Delegated Authorities

Issue	Officer
Approval of payments  Check Bank Mandate	Governed by Bank Mandate. >Chair of ACET Board >CEO >CFO
Investment of surplus funds (Per Investment Policy)	Up to twelve months – CEO & CFO Over twelve months – Chair of Board, CEO & CFO
Imprest accounts / petty cash	> CFO > CEO
Sale or disposal of assets (net asset value) excluding land and buildings & heritage assets	Less than £10,000 - CEO / Estates Manager / Network Manager / CFO Over £10,000 - ACET Board
Acquiring and disposing of land and buildings	ACET Board and ESFA approval required
Debts write offs & losses	All debt write offs – ACET Board and Accounting Officer/CEO. (Consult CFO. ESFA to be notified in accordance with ESFA Handbook) Debt write off and losses to be reported through Finance Committee
Borrowing	ACET Board and ESFA approval required
Staff Severance payments, Compensation payments, & Ex gratia payments.	Strict guidelines issued by ESFA. Consult the CEO and CFO in all instances prior to commitment to any such payments. The Appraisal and Remuneration Committee must be notified of all payments and ATH guidance followed. All non-statutory payments above £50,000 must be approved by the ESFA.
Obtaining a finance lease or lease involving land and buildings	CEO and ESFA approval required.
Operating lease	Budget holder (in accordance with Appendix A)

Issuing Gifts	CEO
Guarantees, Indemnities and letter of Comfort	ACET Board. (ESFA to be notified in accordance with ESFA Handbook)



## Appendix C - Linked Documents to the Financial Regulations

### Finance Related Policies

Procurement and Tendering Policy

Reserves Policy

Investment Policy

Anti-Fraud & Anti-Bribery Policy

Fraud Response Plan

Whistleblowing Policy

Governor Allowance

Statement of Accounting Policies

### Conflict of Interests

Conflict of Interest Policy

Register of Interests Form (blank)

Register of Directors' and Senior Staff Interests

### Terms of Reference

1. Audit and Risk Committee
2. Finance, People & Remuneration Committee

### Other Governance Documents

Scheme of Delegation

GDPR / Data Protection Policy

Risk Register

### Other Documents ESFA Academy

Trust Handbook