

Financial Regulations Policy

URBIS ACADEMY TRUST

Committee:	Audit and Risk Committee and Full Board of Trustees
Approved on:	October 2021
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Associated documentation	
Academy trust funding agreement	01/04/2016
Academy Trust Handbook 2021	Sept 2021
Academies Accounts Direction	2020 amendments
Capital Revenue & Reserves Policy	08/10/2022
Donations Policy & Procedures	06/10/2021
Statement of Internal Controls	06/10/2021
Accounting Policies	08/10/2022
Code of Conduct for School Trustees	06/10/2021
Anti-Fraud and Corruption Policy	06/10/2021
Procurement and Tendering Policy	08/10/2022
Write off/Asset Disposal Policy/procedures	08/10/2022

-----Signature

This document sets out the regulations for the academy trust

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Introduction

This financial regulations manual is provided as a starting point for your academy trust to compile their own procedures. It is important to tailor the document to suit your individual needs and to ensure it accurately reflects the circumstances of your trust.

Roles of Academy Staff

Accounting Officer/Head Teacher :	Ms S Parson
School Business Manager/CFO (SBM)	Mrs L Klein
Finance Officer (FO)	Miss K Day
Specialist Finance Officer (SFO)	Mrs C Humphreys
Internal Auditor	Landau Baker
External Auditor	Buzzacotts
Finance Assistant (FA)	Ms P Newman
Site Services Officer (SSO)	Mr A Esmenio

1. The purpose of this manual is to ensure that the academy maintains and develops systems of financial control, which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education Funding Agency (ESFA).
2. The academy trust must comply with the principles of financial control outlined in the Academy Trust Handbook. This manual expands on that and provides detailed information on the academy's accounting procedures and system manual should be read by all staff involved with financial systems.
3. This manual serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

Financial Planning

To assist you with preparing budgets and identifying efficiencies the ESFA has published a series of factsheets on gov.uk (<https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>)

4. The academy trust prepares rolling 3 to 5 year budgets.

The budget cycle

5. The budget cycle is as follows:

- Autumn term (Sept – Dec)
 - Implementation of current budget plan
 - Monitoring expenditure (continuous-monthly)
 - Reconciliation and closure of previous financial year
- Spring term (Jan – Mar)
 - Monitoring and Reviewing of year's budget
 - Revised Budget where appropriate
 - Pre-planning new financial year
- Summer term (Apr – Aug)
 - Planning for forthcoming year
 - Preparation and submission of financial budget plan
 - Review of current year's budget

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget. Monthly management accounts will be checked and signed by the Accounting Officer and Chair of the Trust monthly. Also, ensuring that all Trustees see the financial reports **SIX times a year**.

Budget

6. The **School Business Manager** is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the **Head Teacher, Audit and Risk Committee, Full Board of Trustees** and submitted to the ESFA
7. The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.
8. The budgetary planning process will incorporate the following elements:
 - forecasts of the likely number of pupils to estimate the amount of General Annual Grant
 - latest estimate of other ESFA funding e.g. pupil premium.
 - review of other income sources available to the academy to assess likely level of receipts
 - review of past performance against budgets to promote an understanding of the academy cost
 - identification of potential efficiency savings
 - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
 - all carry forward balances
 - any unspent grants from the previous financial year
 - any funds held in Trust
9. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan.
10. If there is a significant (over 10%) departure from the anticipated budget this will be escalated to the **Audit/Risk Committee** as part of the monthly management accounts procedure.

11. The approved budget is then entered onto the finance system at the start of the new financial year.

Other Government Funding

12. In addition to GAG funding from ESFA the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding etc. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.
13. The **School Business Manager** is responsible for recording income and expenditure for each grant, providing reconciliation within the monthly management accounts.

Other Grants and specific funding

14. In addition to the GAG funding from the ESFA the academy/MAT and other government funding, the academy/MAT may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the Board of Trustees/Trustees. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.
15. The **SBM** is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Funds held in Trust

16. Where funds are held in trust the **SBM** is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

Virements

17. Substantial virements shall be approved and minuted by the **Audit and Audit/Risk Committee** and should be within the agreed criteria and financial limits.
18. The **Accounting Officer** is given delegated power to vire from one budget to another and shall seek approval from the **Audit/Risk Committee** and retrospectively where the amount exceeds £5,000.
19. All virements exceeding £5,000 or 2% of the budget shall require prior approval from the **Audit/Risk Committee** and.

Revised Budget

20. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Accounting Officer and **SBM** and reports forwarded to the Board of Trustees/Trustees. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Audit/Risk Committee and or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Board of Trustees. This Revised Budget should then form the basis of analysis of all income and

expenditure until the financial year end.

Budget Forecast Return

As part of the funding agreement with ESFA academy trust's must submit their Budget Forecast Returns (<https://www.gov.uk/government/publications/academies-budget-forecast-form>)

21. The approved budget must be submitted to ESFA by 31 July each year by **SBM**. The **SBM** is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

Monitoring and review (including management accounts)

22. Monthly reports are prepared by **the specialist Finance officer**. The reports include:
- actual income and expenditure against budget (shown as month to date and cumulatively)
 - balance sheet
 - cash flow forecast
 - one page summary highlight and explaining variances of at least 5% or £10,000 (whichever is smaller)
23. Any potential overspend against the budget must in the first instance be discussed with **The Accounting Officer**
24. The monthly reports are sent to the accounting officer, **Audit/Risk Committee** and the chair of Trustees.

Independent checking procedures

Details of the requirements for delivering assurance are found in the financial handbook (<https://www.gov.uk/government/publications/academies-financial-handbook-2015>). In this section you should explain which arrangements you have in place from:

- An internal audit service (Landau Baker)
- Supplementary programme from the external auditors(Buzzacotts)
- Appointment of non-employed trustee
- Peer review

Review of regularity

The Head Teacher must ensure the appropriate measures are in place for reviewing regularity. We have provided a regularity checklist on our good practice library (<http://www.nasbm.co.uk/ESFALibrary.aspx>) and you may want to enforce completion as shown below.

The Academies Accounts Direction S9.2 (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement and potential tests.

25. The Head Teacher (in their role as Accounting Officer) reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:

- reviews management accounts
 - reviews compliance against the scheme of delegation
 - reviews transactions for evidence of connected party transactions
 - value for money practice
26. The Accounting Officer has delegated the following responsibilities to **School Business Manager**.
- adherence to tendering policies
 - review of transactions confirming in line with delegated authorities as set out by the Academy Trust Handbook
 - review of trustees/Trustees' minutes
27. A checklist is completed for each review undertaken.

Annual accounts

The Academies Accounts direction (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement in further detail.

28. The academy trust must prepare annual audited financial statements for the accounting period to 31 August.
29. The accounts are outsourced to our auditors for preparation **Buzzacotts**.
30. The accounts are then submitted as follows:
- by 31 December – to ESFA
 - by 31 January – published on our own website
 - by 31 May – to Companies House

Value for money statement

Value for money must be reviewed annually and examples must be focussed on how educational outcomes have been improved. The accounts direction s4.2.5 (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement in further detail.

31. As part of the annual accounts the trust must include evidence of VfM
32. The **School Business Manager** is responsible for collating the examples which are then confirmed by the Audit and Risk committee.

Audit arrangements

33. External auditors must be appointed in accordance with the Academy Trust Handbook.
34. The School Business Manager is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

Work undertaken during accounting period

35. The School Business Manager is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
- reviewing the structure of the trial balance
 - maintaining a fixed asset register
 - monthly depreciation charges
 - maintaining income and expenditure records (including filing of invoices)
 - reviewing aged debtors for any provisions required
 - maintaining a record of Trustees/trustees interests, related and connected party transactions
 - control account reconciliations (bank, wages, debtors, creditors)
 - maintaining a record of meeting attendance
 - Monitoring & reporting to the Accounting Officer and Board of Trustees/trustees

Work undertaken for the year end

36. The **SBM** is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:
- stock take and including of year end stock value
 - prepayments for IT licenses
 - prepayments or accruals for grant income
 - control account reconciliations (bank, wages, debtors, creditors)
 - close down of the purchase ledgers
 - close down of the Sales ledgers and aged debtors
 - pension valuations
 - Pension Audit

Accounts Return

As part of the funding agreement with ESFA academy trust's must submit their Accounts Returns (<https://www.gov.uk/government/publications/academies-august-accounts-return-template-and-guide>)

37. The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 31 January.
38. The accounts return is outsourced to our auditors for preparation.

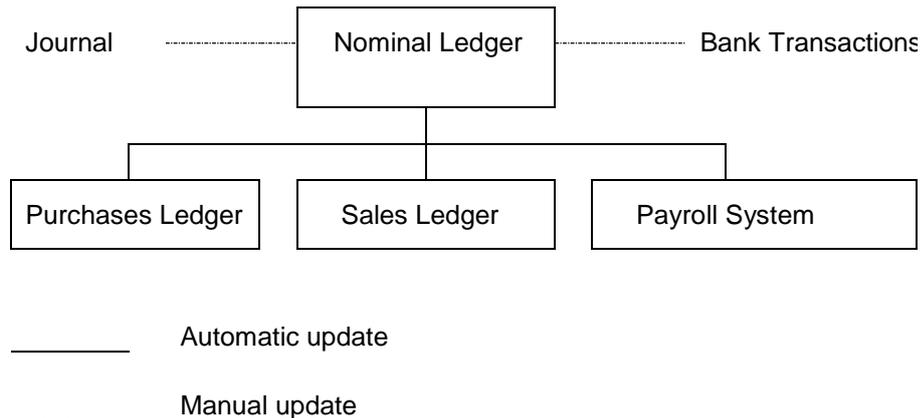
Document retention

39. Documents are retained for the following amount of time:
- Finance records – current year plus preceding 6 years
 - Supply cover insurance – current year plus preceding 6 years
 - Payroll and travel records – current year plus preceding 6 years

- Personnel records – 5 years after an employee has left
- All student files until the student reaches the age of 21

Accounting system

40. All the financial transactions of the academy trust must be recorded into **PS Financials**, the computerised financial information accounting system. This system is operated by the Finance Department and consists of:



System Access

41. Access to the system is password restricted to SBM, schools finance officer and schools finance adviser, who others have been authorised by the Accounting Officer e.g. external accounting providers.
42. When passwords are changed the new password should be placed in a sealed envelope and passed to **FO** to keep in the safe. The SBM is responsible for implementing a system which ensures that passwords are changed regularly

Back-up Procedures

You may wish to update this section if you use cloud based back-ups which are held off site. There will need to be reference to appropriate authorisation and adherence to data protection.

43. The **FO** is responsible for ensuring that there are effective back up procedures for the system. Data is backed up on a suitable medium or server and the copies stored in a secure place (in a fireproof container). Back-up copies are taken on at least a daily basis.
44. A hard copy of the nominal ledger and audit trail are printed each month and stored separately from the accounting system in a fireproof container.
45. The disaster recovery plan explains what to do in the event of loss of accounting facilities or financial data. Copies are held in the SBM's home, Head Teacher's home and Site services Officer.

Transaction processing

46. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
47. All journal entries are documented on the journal form, recorded in the journal book and authorised by **the Head Teacher**, prior to being input to the accounting system.
48. Bank transactions are input by **FO** and reviewed by **SBM**.

Transaction reports

49. The **Finance Specialist** reviews the following system reports to ensure that only regular transactions are posted to the accounting system:
 - the weekly audit trail reports;
 - masterfile amendment reports for the payroll, purchase ledger and sales ledger;
 - management accounts summarising expenditure and income against budget at budget holder level

Reconciliations

50. The **FO, Finance Specialist and SBM** is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
 - sales ledger control account
 - purchase ledger control account
 - payroll control account
 - VAT control account
 - all suspense accounts
 - bank balance per the nominal ledger to the bank statement
51. The Accounting Officer (Head Teacher) signs all reconciliations as evidence of review.
52. Any unusual or long outstanding reconciling items are brought to the attention of **Finance Specialist** and dealt with according to the bad debt limits in this manual.

Cash Management

Bank Accounts

53. The following procedures must be followed when opening a bank account and operating it:
 - the trust is responsible for selecting the banking institution and negotiating the terms and conditions
 - the governing body must authorise the opening of all bank accounts
 - the academy/MAT will ensure that in the event of changes to key personnel or Trustees/trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
 - terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
 - the trust must inform the bank, in writing, that their accounts must not become overdrawn
 - the trust must ensure there are sufficient funds to cover large payments

Deposits

54. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
- the amount of the deposit
 - a reference (for example the number of the receipt or the name of the debtor)
55. The **FO** is responsible for updating the accounting system (within 2 working days) for deposits placed.

Payments and withdrawals

56. All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:
- Ms B Komorowska (Interim Headteacher)
 - Mrs L Klein (School Business Manager)
 - Mr Walter Harding (Chairman of Trustees)
 - Miss S Kennedy (senior Teacher)
57. This provision applies to all accounts, public or private, operated by or on behalf of the trustees body of the academy including funds held in trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.
58. The **FO** is responsible for updating the accounting system (within 2 working days) for deposits placed.

Administration

59. The **Finance Specialist** ensures bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- all bank accounts are reconciled to the academy's cash book
 - reconciliations are prepared by the Finance Department
 - reconciliations are subject to an independent monthly review carried out by **Finance Specialist** or in his/her absence a Finance specialist from Strictly Education.
 - adjustments arising are dealt with promptly

Petty Cash

60. The academy trust maintains a maximum cash balance of £200 per month with a limit of £30 for individual items. This is held in the office safe and is the responsibility of **FO**.
61. The petty cash float must not be used for:
- cashing personal cheques
 - paying staff loans

Payments

62. In the interests of security, petty cash payments are limited to £30. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation

procedures as purchases from the main bank account.

63. The administrator for Petty Cash is to keep records on an excel spread sheet named petty cash new system, this is completed monthly, then passed to the FO who posts the journal on PS Financials. A cheque is then raised and posted on PS Financials so that £200 is available for the next month.

Administration

64. The petty cash float is maintained on the PS Financials system and the float is only reimbursed from the main bank account.
65. The petty cash float is reconciled monthly by **the Petty Cash officer**. The reconciliation is then reviewed by **Finance Specialist** and initialled as evidence of review.
66. The **Accounting Officer** carries out a spot check of the petty cash float once a term.

E-procurement & Payments

67. The school credit card (Lloyds Bank) is used only when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases and to buy refreshments for meeting etc.
68. The card is kept in the safe and is only used by:
 - **Ms Lorraine Klein , The School Business Manager**
69. Any department wishing to make a purchase on credit card must complete an order form and pass this to the Finance officer, or Admin staff to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder.
70. Occasionally the credit card is used to purchase small items or to fund Petty Cash, where it is not possible to order this elsewhere. This must be recorded and countersigned by the accounting officer.
71. When the credit card bill arrives there will be a signed order form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A cash book journal is keyed for each entry on the statement .
72. The credit card bill, along with all the relevant order forms are then given to the Finance Officer who will check the statement and sign an authorisation sheet. The Specialist Finance Officer will then check a sample of the transactions (minimum of 3 or 20% whichever is the maximum), and sign the authorisation sheet. These are then filed away together in the credit card folder, until the end of the financial year, when they will then be transferred to the finance storage box for that year.

BACS Payments

73. On receipt of an invoice, the budget holder signs the invoice, to signify:
 - an official purchase order has been raised for the purchase
 - the delivery note has been checked
 - the delivery is of correct quantity, quality and price

- it has not been previously paid
 - funds are available in the relevant budget
 - VAT chargeability on qualifying expenditure is shown
74. The payment is then prepared and the BACS payment then passes it on to two of the cheque signatories who check in ensure that the bank and sort codes have been correctly entered and approves payment.
75. Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.
76. The Admin Team ensures that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Admin Team should request that the individual states his self-employment reference number on any invoice issued to the school.

Investments

You can access our 'Investments Policy' template on our ESFA library:
<http://www.nasbm.co.uk/ESFALibrary.aspx>

77. Investments are made in accordance with written procedures approved by the governing body.
78. All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Reserves

You can access our 'Capital and Revenue Reserves' template on our ESFA library:
<http://www.nasbm.co.uk/ESFALibrary.aspx>

79. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
80. The Accounting Officer must inform ESFA immediately if a deficit is anticipated.
81. If the academy trust is anticipating a deficit at the end of any financial year, the governing body and **SBM** have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The governing body must ensure that a recovery plan is submitted and approved by the ESFA.
82. If the academy trust has a surplus larger than 12% (£300,000) of its GAG allocation, the Governing Body through the Accounting Officer will need to submit a detailed plan stating why the academy trust requires reserves to be held at this level together with a plan for the date of expenditure
83. The academy trust undertakes to ensure that a contingency reserve of **£100,000** of the previous year's total GAG is kept.

Capital Reserves

84. Any overall surpluses at the end of the year are carried over to the following year.
85. It is the responsibility of **SBM** to keep accurate records of the capital funds, especially where grants have been received for capital projects.

Endowments

A small number of academy trusts have endowments, and these must be recorded separately within the accounts and reconciled frequently.

The Urbis Academy Trust has no endowments at this time.

86. The **[insert job title]** is responsible for accounting for the transactions within the endowment fund.
87. Any transactions are in line with the memorandum and articles.
88. The Academy Trust has no Endowments.

Payroll

Staff Appointments

89. The Board of Trustees has approved a personnel establishment for the academy trust. Changes can only be made to this establishment with the express approval in the first instance of the **[Audit/Risk Committee]** who must ensure that adequate budgetary provision exists for any establishment changes.
90. Controlling Executive Pay – Tighter scrutiny for heads pay has been added to the Financial Handbook, the Trust will report in line with this. Two salaries of £100,000 or 1 salary in excess of £150,000.
91. The **Head Teacher** has authority to appoint staff within the authorised establishment except for **Deputy Head** and **Assistant Head** whose appointments must follow consultation with the Trustees. The **SBM** maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to **the SBM** immediately.
92. The **SBM** is responsible for obtaining the relevant DBS checks and ensuring these are retained on file.
93. Staff salaries must be authorised by Trustees in Audit and Resource meetings

Payroll Administration

94. Payroll is administered through the academy trust's payroll provider Strictly Education
95. All staff are paid monthly through the payroll provider. A master file is created for each employee which records:

- salary
 - bank account details
 - taxation status
 - personal details
 - any deductions or allowances payable
 - other legal and relevant details
96. New master files can only be created by the SBM and the Head Teacher with the express approval of **The Head Teacher**. Any master file amendments made by the two administrators must be printed out each month prior to the payroll run and must be authorised by **The Head Teacher**. Any master file amendments made by **SBM** must be authorised by the Head Teacher.
97. Each head of department must complete a monthly staff return which provides details for all staff in the section of sickness and other absences during the month and any new appointments or terminations. The staff return must be authorised by the nominated budget holder. Authorised staff returns should be sent to the Finance Department who then files the documents for payroll processing.
98. Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the budget holder, prepared by the SBM and signed off by **Head Teacher**.
99. By the **1st** of each month the Finance Department will prepare and distribute a timetable for payroll processing specifying key dates for the month in question.

Payments

100. Before payments are dispatched a printout of all data should be obtained, including an exceptions report from the payroll provider and this should be checked against source documentation by the Finance Department and then reviewed and initialled by **SBM**. Authority to release payment will be by **Head Teacher**.
101. All salary payments are made by BACS.
102. The Finance Department prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation is reviewed and signed by **Head Teacher**.
103. The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and cheques for these amounts are prepared by the Finance Department and authorised for payment by **Head Teacher** (or other authorised cheque signatory if one is unavailable) by the due date.
104. The **SBM** selects at least three employees at random each month and checks the calculation of gross to net pay to ensure that the payroll system is operating correctly.
105. After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Department should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and

to identify any amounts posted to the suspense account.

106. Annually, the **SBM** checks each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the SBM's office.

Salary advances

107. The trust does not award salary advances.

Overtime

108. Overtime is recorded by the individual and submitted by 25th of each month to **SBM** for authorisation, The **SBM** completes the claim forms and copies of the time sheets in the main office and passes to the Head Teacher for approval.
109. Claim forms must not be submitted prior to work having been undertaken.
110. No payments for work undertaken will be made other than via the payroll system.

Severance payments

Severance payments must be made in line with the Academy Trust Handbook. Further information is provided on gov.uk (<https://www.gov.uk/guidance/academies-severance-payments>)

111. The academy trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk. Severance payments must not be made for under performance.
112. Where the non-contractual element is on or over £20,000 prior approval from ESFA must be sought.
113. The Accounting Officer must sign off and review each business case. All payments over £20,000 must be approved by the ESFA

Ex-gratia payments

Ex-gratia payments must be made in line with the Academy Trust Handbook.

114. Any ex-gratia payments must be submitted to ESFA for prior approval.

Income

The Academies Accounts direction (<https://www.gov.uk/guidance/academies-accounts-direction>) explains revenue recognition in respect of ESFA and other grants.

ESFA grants

115. The main sources of income for the academy are the grants from the ESFAs. The receipt of these

sums is monitored directly by **SBM and FO** who is responsible for ensuring that all grants due to the academy are collected.

Other grants

116. The receipt of these sums is monitored directly by **SBM and FO** who is responsible for ensuring that all grants due to the academy are collected.

Trips

117. A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Department.
118. Students should make payments to the Finance Department. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.
119. The Finance Department should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.
120. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Head Teacher in advance of the booking being made.

Catering

If cash payments

121. Cash payments must be reconciled on a daily basis by **Finance Assistant (FA)** to the lunch records and signed as evidence of reconciliation. The school meal numbers and cash totals are then to be entered onto the weekly banking sheet. The cash is kept in the safe prior to banking. The **FA** must reconcile the weekly banking sheet to actual receipts banked.

If electronic cash collection

122. The fortnightly bank credits are reconciled to the **PS Financials** reports in the first instance. Monthly checks are undertaken by **FO** and cross referenced to a sample of individual pupils.

Lettings

123. The **SBM** is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
124. Details of organisations using the sports facilities will be held by the Finance Department who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system. Strictly Education lettings deal on behalf of the Urbis Academy Trust.
125. Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting

Agreements and are reviewed at least annually.

Sundry income

126. Income from other sources (for example educational consultancy) is priced in consultation with **Head Teacher and SBM**. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay in accordance with the agreed Consultants Policy. Strictly Education approves all credit agreements.

Gift aid

An academy trust is able to claim gift aid (<https://www.gov.uk/claim-gift-aid/overview>) on donations from individuals.

127. To ensure the academy trust, in its position as an exempt charity, receives all the monies it is entitled to the **SBM and Specialist Finance Officer**.
- reconciles income against records to confirm expected amounts have been received by the donor
 - ensures the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

Bad debts

Write offs need to be in line with the delegated authorities set out in the Academy Trust Handbook.

128. The academy trust chases all monies due, and those that have not been paid within 30 days of an invoice being issues, by telephone or letter.
129. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the **SBM** submits a report to **the Resources Committee** for approval of write off.
130. The following write off limits apply:
- Up to £150 – Accounting officer
 - £151 to £500 – Finance and resources committee
 - Over £500 – Full governing body and refer to debt collecting agency

Purchasing

In order to understand the full purchasing cycle, you must refer to the Procurement and Tendering Policy, Accounting Policies and Code of Conduct for School Trustees.

131. The academy trust must achieve value for money on all purchases. A large proportion of our purchases are paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

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

Routine Purchasing

132. Budget holders 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 the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month. Budget holders will be able to monitor data relating to their own budget areas on a monthly basis via reports from the on line financial information system.
133. Routine purchases up to £1,000 must be passed to the Head Teacher for approval. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Department. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with **SBM**. Copies of all quotes must be attached to the order form.

E-procurement

134. Any department wishing to make a purchase on credit card must complete an official order form in the usual manner and pass this to the **FO**, or Admin staff to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder and Head Teacher.
135. Occasionally the credit card is used to purchase small items, where it is not possible to order this elsewhere. This must be recorded and countersigned by the **Head Teacher**.

Orders

136. All orders must be made, or confirmed, in writing using an official order form, stocks of which are held by the Finance Department. Orders must bear the signature of the budget holder and approved by the Head Teacher, this must be forwarded to the Finance Department where **FO** will check to ensure adequate budgetary provision exists before placing the order.
137. Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier from the Finance Department
138. The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the **Site Services Officer** must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
139. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Department should be notified. The Finance Department will keep a central record of all goods returned to suppliers.

140. All invoices should be sent to the Finance Department. Invoice receipt will be recorded by the Finance Department (and the invoice scanned) into the Financial Information System purchase ledger module) The Finance Department will stamp invoices with a grid against which the following can be evidenced by the budget holder authorising payment:
- invoice arithmetically correct
 - invoice posted to purchase ledger
 - goods/ services received
 - goods/services as ordered
 - prices correct
 - invoice authorised for payment
 - payment authorised
 - VAT treated correctly
 - payment made
141. The budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Finance Department. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
142. If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.
143. At the end of each week the Finance Department will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the **FO**.
144. The Finance Department will then input details of payments to be made to the purchase ledger and generate the cheques required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.
145. BACS payments are input by the Finance Team and authorised on-line by two signatories in accordance with the banking policy and procedures (see E-procurement and Payments above).

Orders over £1,000 but less than £10,000

146. At least three written quotations should be obtained for all orders between **£5001.00 - £20,000** to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.

Orders over £20,001 and up to £75,000

147. All goods/services ordered with a value of over £20,001 and up to £75,000 three formal written quotations in writing by a specified date and time and based on a written specification and evaluation criteria. All orders over £20,000 with related parties must be approved by the ESFA.

Official Journal of the European Union

148. Purchases over **£75,000** are to be dealt with in accordance with OJEU

OJEU (<http://www.ojeu.eu/>) updates the procurement thresholds per annum and the most up to date ones can be found on their website: <http://www.ojeu.eu/thresholds.aspx>

Trading with related parties

Trustees regularly review the suppliers list and key management personnel to ensure related parties are identified early and the register of pecuniary interests is held on file and checked annually to ensure that there are no conflicts of interest.

Trading with connected parties

Trading with connected parties must be in line with the Academy Trust Handbook. We have also produced a factsheet on our library (<http://www.nasbm.co.uk/ESFAlibrary.aspx>) on how to trade effectively with connected parties.

At present The Urbis Academy Trust does not trade with any connected parties and takes advice from the NASBM connected parties fact sheet(attached) and the Code of Conduct for School Trustees.

Goods and services for private use

149. No goods are ordered or services provided to include any elements of private use by Trustees and staff.

Forms of Tenders

150. 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 Audit/Risk Committee** how best to advertise for suppliers 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 academy's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,

- additional deliveries by the existing supplier are justified.

Preparation for Tender

151. Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

152. 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.

153. A tender brief must always be prepared and is reviewed by **SBM** and passed to the audit and finance committee for approval.

Invitation to Tender

154. 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.

155. 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
- form of response
- dates for decision and work to be delivered

Tender Acceptance Procedures

156. The invitation to tender should state the date and time by which the completed tender document is received by the academy trust. Tenders are submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline are not accepted.

Tender Opening Procedures

157. All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- For contracts up to £25,000 - two of the budget holder, The **Head Teacher and SBM**
- For contracts over £25,000 - the **Head Teacher** or the **SBM** plus a member of the Resource Committee.

158. A separate record details the names of the firms submitting tenders and the amount tendered. The

record is signed by both people present at the tender opening.

Tendering Procedures

159. The evaluation process should involve at least two 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.
160. 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.
161. Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance & Resources Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Audit & Resources Committee.
162. The accepted tender should be the one that is economically most advantageous to the academy. All parties are then informed of the decision. If the most competitive quote is not accepted then a Purchase Order Waiver form must be completed.

Insurance

163. The **Resources/audit committee** reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.
164. We have opted in to the Department for Education's Risk Protection Arrangements.

RPA is an alternative to insurance where the UK government funds cover losses that arise. More information can be found at: <https://www.gov.uk/guidance/academies-risk-protection-arrangement-rpa>

165. Budget holders must ensure all valuable items are kept under lock and key when not being used in a supervised manner.
166. The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

Trustees/Trustees Expenses

You can access our 'Trustee Allowances Policy' template on our ESFA library:
<http://www.nasbm.co.uk/ESFAlibrary.aspx>

Please refer to the Code of Conduct for School Trustees.

167. All Trustees/Trustees of this academy trust are entitled to claim the actual costs, which they incur as follows:
 - childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)

- cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
- the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
- the cost of travel relating only to travel to meetings/training courses at a rate of 45 pence per mile which does not exceed the specified rates for school personnel
- travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from any other source
- telephone charges, photocopying, stationery, postage etc.
- any other justifiable allowances

168. The Board of Trustees acknowledges that:

- Trustees are not to be paid attendance allowance
- Trustees are not reimbursed for loss of earnings

169. Trustees/Trustees wishing to make claims under these arrangements, must complete a claims form from **FA** together with the relevant receipts. The form must be submitted to the Finance Department within two weeks of the date when the cost were incurred, when they will be submitted for approval by the Chair of Trustees/Trustees or Chair of Finance & Resources to be presented to the Finance Committee for final approval.

170. Claims will be subject to independent audit and may be investigated by the Chair of Trustees (or Chair of Finance in respect of the Chair of Trustees) if they appear excessive or inconsistent.

Gifts

171. Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 are reported to the School Business Manager) in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses (see Donations Policy for further details).

172. Gifts that have been reported are entered onto the gifts and hospitality register.

Energy Management

173. The **Site Services Manager** is responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Meters should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual readings should be raised with the SBM immediately.

174. The **Site Services manager** ensures that the school's heating system is operated and run as efficiently as possible.

175. The **SBM** ensures that the school is purchasing energy at the most competitive prices available.

176. All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

Fraud

Fraud is not tolerated and requirements on notifying the ESFA are laid out in the Academy Trust Handbook. We have also produced an Anti- Fraud and Corruption Policy.

177. The trust does not tolerate fraud. Where instances of fraud are found the **SBM or Head Teacher** will notify the ESFA.

Whistleblowing

The trust must have an adequate whistle blowing policy in place, and also reference raising the issue with the ESFA (<https://www.gov.uk/government/publications/complaints-about-post-16-ESFA-funded-institutions>).

Please refer to The Urbis Academy Trust Whistleblowing Policy.

Leasing

Finance leases represent borrowing and are not allowed under the Academy Trust Handbook. We have also produced a factsheet on our library (<http://www.nasbm.co.uk/ESFALibrary.aspx>) the difference between finance and operating leases.

The Urbis Academy Trust has adopted London Borough of Waltham Forest's Leasing Policy.

Pooling of GAG

A multi academy trust has the option to pool GAG (as per the Academy Trust Handbook). Where the trust implements this explain the arrangements for monitoring.

At present The Urbis Academy Trust does not pool funding as Mayville Primary School is the only School in the trust.

VAT

The information and notes provided in this section are for guidance only. The information is correct to the best of our knowledge and up to date information should be sought from HM Revenue and Customs

Dependent on your circumstances you will either submit a VAT 126 form or have a VAT registration (if taxable income is over the threshold (<https://www.gov.uk/vat-registration-thresholds>), and both are noted below.

You will also need to consider the business use VAT claim deduction and any partial exemption requirements.

VAT 126 form

178. The **SBM** is responsible for submitting the VAT 126 form per month.

The VAT 126 form(<https://www.gov.uk/government/publications/vat-claim-for-refund-by-local-authorities-and-similar-bodies-vat126>) is filled in at trust level, for example a MAT will only complete 1 form which includes all constituent academies.

VAT 100 form

179. The **SBM** is responsible for submitting the VAT 100 form per quarter and ensures compliance with HM Revenue and Customs for claiming the correct levels of VAT.

Construction Industry Scheme

You should only refer to the CIS if you pay subcontractors for construction or spend over a certain threshold in a 3 year period (<https://www.gov.uk/what-is-the-construction-industry-scheme>).

Fixed assets

The Academy Trust Handbook stipulates the delegated authorities laid out when purchasing/disposing of assets and must be reflected in your finance procedures manual.

If your sponsor or trustees who own the land place certain restrictions these will need to be included within the fixed asset section. If you occupy church land and buildings you may wish to reference the supplemental agreement (<https://www.gov.uk/government/publications/church-academies-model-documents>).

Asset register

180. All items purchased with a value over the academy's capitalisation limit of £1,000 must be entered on the fixed asset register **which is kept in the SBM's office and approved by the Audit/Risk Committee annually**, with the following details:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

181. The asset register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts
- support insurance claims in the event of fire, theft, vandalism or other disasters

182. Examples of items to include on the asset register include:

- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment – fax machines, shredders, switchboard
- Furniture
- AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment
- Mini buses

Security of assets

183. All the items in the register are permanently and visibly marked as the academy trust's property.

184. Equipment is, where possible, stored securely when not in use.

185. An annual count is under taken by FA and FO, who is different from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the governing body.

Disposals

Disposals of certain classes of assets must be disposed of in line with the Academy Trust Handbook (including seeking prior approval).

You can also access our Write off and Asset Disposal Policy template on the ESFA Library:
<http://www.nasbm.co.uk/ESFALibrary.aspx>

186. Disposals, where applicable, are in line with the Academy Trust Handbook.

187. Items which are to be disposed of by sale or destruction must be authorised for disposal by the Audit/Risk Committee and, where significant, should be sold following competitive tender. The academy must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

Loan of Assets

188. Items of academy property must not be removed from academy premises without the authority of the Principal. A record of the loan must be recorded in a loan book and booked back in academy

when it is returned.

189. If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.