

# Finance Policy and Procedures

2021/2022

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Consilium  
Academies

*Enriching Lives, Inspiring Ambitions*

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# Introduction

The purpose of this policy and associated procedures is to ensure that the Consilium Academies Trust ("the Trust") 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 the Trust's Funding Agreement with the Department for Education (DfE).

The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that and provides detailed information on the Trust's accounting procedures. It should be read by all staff involved with financial systems.

The policy covers finance related policies such as depreciation, Trust companies, reserves, investments, charging and remission, staff expenses and directors' expenses.

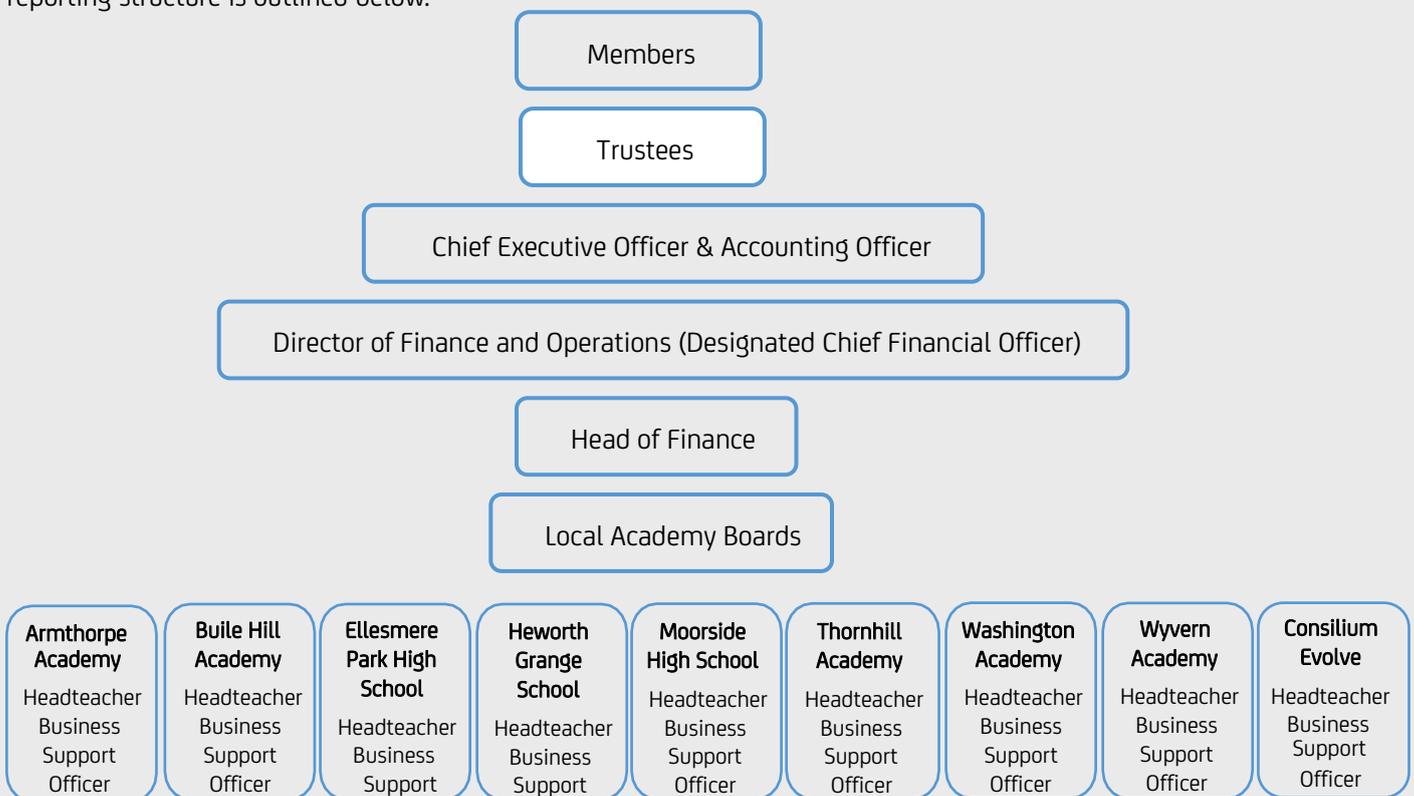
This policy relates to all of the Trust's academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.

This policy is designed to be consistent with:

- Academy Trust Handbook
- Trust Articles of Association / Constitution
- Trust Scheme of Delegation
- The Consilium Charter
- Master and Supplementary Funding Agreements
- HM Treasury's "Regularity, Propriety and Value for Money"
- The Seven Principles of Public Life (also known as the Nolan Principles)

# Organisation and responsibilities

The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. The financial reporting structure is outlined below.



## Trust Board / Resources Committee / Audit Committee

The Trust Board and Resources Committee of the Trust have overall responsibility for the administration of its academies' finances and the effectiveness of internal controls. The main responsibilities of the Board are prescribed in the Trust Articles of Association, its Constitution, the Scheme of Delegation and in the Funding Agreement between the Trust and each of its academies with the Department for Education (DfE).

The Trust Board is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:

- Finance policy development and strategic planning
- Ensuring sound management and administration of the Trust and its academies and ensuring that managers are equipped with relevant skills and guidance
- Ensuring compliance with general legislative requirements
- Establishing and maintaining a transparent system of prudent and effective internal controls
- Management of the Trust's financial, human and other resources
- Monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon
- Setting the Trust's standards of conduct and working principles
- Assessing and managing risk, (including the preparation of a statement on academies risk management, for its annual report and accounts)
- To hold to account the trust CEO & Accounting Officer and each school's Local Academy Board.

The Resources Committee is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity; most particularly by:

- Assisting to promote the highest standards of probity in the use of public funds and encourage proper accountability for the use of those funds
- Assessing and managing risk, (including the preparation of a statement on academies risk management, for its annual report and accounts)
- Improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board
- Promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement and fraud
- Promoting the development of internal controls and risk management systems which will satisfy the Board that the Trust and its Academies will achieve their objectives and targets and are operating:
  - In accordance with any statutory requirements for the use of public funds
  - Within delegated authorities laid down by the Trust Board
  - In a manner which will make most economic and effective use of resources available.

The Audit Committee is responsible for ensuring that risks are being addressed through internal scrutiny and reporting to the Trust Board on the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks; most particularly by:

- Agreeing a programme of work annually to deliver internal scrutiny that provides coverage across the year
- Review the ratings and responses on the risk register to inform the programme of work, ensuring checks are modified as appropriate each year
- Consider reports at each meeting from those carrying out the programme of work
- Consider progress in addressing recommendations
- Consider outputs from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations
- Have access to the external auditor, as well as those carrying out internal scrutiny, review their plans and reports and also consider their quality.

## The Chief Executive Officer

The Chief Executive Officer (CEO) is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money". The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he / she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of probity or regularity.

The main responsibilities of the CEO include:

- The development of the annual budget
- The development of medium term financial planning
- The regular monitoring of actual expenditure and income against budget
- Ensuring value for money, avoidance of waste and extravagance and the effective use of resources
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies
- Ensuring that the regular reports provided to the Board are timely and accurate
- Authorising orders and the award of contracts within the approval limits shown in Appendix 1
- Authorising payments within the approval limits shown in Appendix 1
- Authorising changes to the Trust's personnel establishment.

## The Trust's Headteachers

Within the framework of the Trust's Development Plan, each academy Headteacher has overall executive responsibility for the academy's activities. Much of the financial responsibility has been delegated to the Director of Finance & Operations, Head of Finance and the Business Support Officers but the Head Teacher still retains responsibility for:

- Authorising orders and the award of contracts within the approval limits shown in Appendix 1
- Ensuring the delivery of the academy annual budget as approved by the Trust
- Monitoring the regular budget reports with the Business Support Officer and acting on overspends or risk
- Report any potential overspend or financial risk to the Director of Finance & Operations.

## The Local Academy Board

Within the framework of the Trust's Scheme of Delegation, each school will continue to be supported by a local academy board (LAB). The constitution for each LAB and the level of delegated responsibility will be approved by the Trust Board. The scheme of delegation will directly reflect the individual circumstances of the school in order to determine how responsibility is shared within the agreed decision making framework.

The LAB has no responsibility for the academies finances and resources.

## Director of Finance & Operations

The Director of Finance & Operations (designated Chief Financial Officer) works in close collaboration with the CEO both of whom are responsible to the Trust board. The main responsibilities of the CFO are:

- The management of the Trust's financial position at a strategic level and operational level within the framework for financial control determined by the Board
- Ensuring returns to ESFA and other funding agencies completed correctly and on time
- Ensuring returns to statutory agencies are completed
- Managing investments
- The preparation of budgets and medium term financial plans
- Cash flow and treasury management
- Authorising orders and the award of contracts within the approval limits shown in Appendix 1
- Authorising payments within the approval limits shown in Appendix 1
- To direct effective financial strategy, short/medium/ long term planning and risk assessment
- To manage the commercial responsibilities of the trust

- To support effective external audit and manage the associated contract with the approved accountancy provider
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each academy
- The maintenance of effective systems of internal control
- To implement effective internal audit process, with clear accountability reporting functions to the Trust Resources Committee.
- To oversee the effective use of the agreed/approved accounting system ensuring open and transparent finance reporting is in place for each individual school & at trust level.

## Head of Finance

The Head of Finance (HOF) works in close collaboration with the CFO, both of whom are responsible to the CEO for financial management of the Trust and its' Academies. The main responsibilities of the HOF are:

- Ensuring returns to ESFA and other funding agencies completed correctly and on time
- Ensuring returns to statutory agencies are completed
- Cash flow and treasury management
- The preparation of monthly management accounts through the agreed/approved accounting system
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each academy
- The maintenance of effective systems of internal control
- Authorising payments within the approval limits shown in Appendix 1
- Ensuring that financial controls are working effectively at academy level
- Functional management of the Academy Business Support Officers.

## Business Support Officers

It is envisaged that each academy will have a Business Support Officer or a person who undertakes that role albeit with a different job title. Where there is no Business Manager at the school (due to internal structure or vacancy), this role will be supported by the Central Trust's extended operational team who will work closely with the individual school.

The Business Support Officers work in close collaboration with the Head of Finance. The main responsibilities of the Business Support Officer are:

- Authorising orders and the award of contracts within the approval limits shown in Appendix 1
- Ensuring that financial processes and controls are working effectively at academy level
- Ensuring spend is within agreed budgets and monitoring the regular budget reports.

## Other staff

Other members of staff, primarily Finance Managers/Officers, Admin Assistants and budget holders, will have some financial responsibilities and these are detailed in the following sections of this policy. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

## Internal Audit

The Internal Audit process is approved by the Board (through the Trust Audit Committee) and will provide Trustees with an independent oversight of the financial affairs. The main duties of the Internal Auditors are to provide the Trust Audit Committee with independent assurance that:

- The financial responsibilities of the Board are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal financial control are being maintained and;
- Financial considerations are fully taken into account in reaching decisions.
- Risks are identified and appropriate actions put in place. Trustees will appoint internal auditors to undertake a regular programme of reviews devised by the Audit Committee to ensure that financial transactions have been properly

processed and that controls are operating effectively. A report of the findings from each visit will be provided to the Trust Audit Committee for review.

## Related Parties and conflicts of interest

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make.

The Board of Trustees must ensure requirements for managing related party transactions are applied across the Trust. The Board Chair and the Accounting Officer must ensure their capacity to control and influence does not conflict with these requirements. They must manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with The 7 principles of public life.

## Declarations and Register of Interests

To avoid any misunderstanding that might arise all Members, Trustees, Local Academy Boards, Senior Employees and employees with budgetary responsibility are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection and published on the Trust's website.

The register must include:

- all business interests such as directorships, partnerships, employment with businesses, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust.
- trusteeships and governorships at other educational institutions and charities
- relevant interests of close family relationships (defined below) between the Trust's members, Trustees and Local Advisory Boards
- relevant interests arising from close family relationships between the Trust's members, Trustees and Local Advisory Boards and employees.

For these purposes the following persons are related to a member, or trustee:

- a relative of the member or trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
- an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
- a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
- an organisation controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation can secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes
- any individual or organisation given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or anybody connected to such individual or organisation.

Trusts should consider whether other interests should be registered, and if in doubt should discuss this with the Director of Finance and Operations.

The existence of a register of business interests does not detract from the duties of Directors and staff to declare interests whenever they are relevant to matters being discussed by the Board or a committee. Where an interest has been declared, Trustees and employees should not participate or attend that part of any committee or other meeting.

## Reporting Related Party Transactions

If an order or contract with a related party is being considered, this should be reported to the CFO/HOF and authorisation from the CFO/HOF must be received before the order/contract is agreed and placed.

The CFO/HOF will review the transaction and if required report and obtain ESFA approval for any contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line form.

## Accounting System

The Trust uses Access Accounting Systems at all its academies. The Trust's accounting system is fully computerised and all financial transactions of the Trust must be recorded on this system.

A disaster recovery plan is in place in the event of loss of accounting facilities or financial data. This links in with the annual assessment made by Trustees of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

## System Access

Access to the system is restricted to the Trust's employees and those authorised by the Director of Finance and Operations. Access to the component parts of the system can also be restricted and the CFO/HOF/Finance Officer are responsible for setting access levels for all members of staff using the system.

Entry to the HCSS accounting system is password restricted and the Director of Finance and Operations is responsible for implementing a system which ensures that passwords are changed at least every year. Passwords are only known by the relevant member of staff and passwords are changed immediately if an employee is aware that an unauthorised person has learnt their password. Access for staff who are no longer employed by the Trust is removed as soon as the member of staff leaves.

The Trust complies with the requirements of the GDPR. All accounting records including orders, invoices, bank statements, are retained electronically for six years, plus the current year. The Director of Finance and Operations makes arrangements for the secure retention of electronic accounting records.

## System Back-up Procedures

The Access Budgeting and Accounting Packages are cloud based solutions and do not require daily / weekly back up.

## Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are identified in the Finance Policy.

## Reconciliations of Balance Sheet Accounts

The Head of Finance is responsible for ensuring the following reconciliations are performed routinely, and that any reconciling or balancing amounts are cleared:

- |  |  |
|--|--|
| • Sales ledger control account                 | <b>monthly</b>   |
| • Purchase ledger control account              | <b>monthly</b>   |
| • Payroll control account                      | <b>monthly</b>   |
| • All suspense accounts                        | <b>monthly</b>   |
| • Accruals and prepayments                     | <b>monthly</b>   |
| • Balance sheet accounts                       | <b>monthly</b>   |
| • Review of trial balance for unusual postings | <b>monthly</b>   |
| • Bank balance per the nominal ledger          | <b>monthly within 5 working days to the bank statement</b> |

## Financial Planning and Budget Process

The Trust and each academy will prepare both medium term and short-term financial plans. Medium term is defined as a period of three years. The medium term financial plan is prepared as part of the Trust and Academy Development planning process. The Trust Development Plan indicates how the Trusts and each academy's educational and other objectives/priorities are going to be achieved within the expected level of resources over the next three years. The Trust Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each academy and the planned use of those resources for the following year.

## Development Plan

The Trust Development Plan is concerned with the future aims and objectives of the Trust and each academy and how they are to be achieved; the Trust will set overall Core objectives which will be turned into specific objectives for each Academy. The Development Plans will ensure that the Trust's objectives and targets are matched to the resources expected to be available. Plans should ideally be simple and flexible. The form and content of the Development Plan will be set by the CEO and due regard should be given to any annual guidance issued by the DfE.

## The Budget Process

The Trust must set a balanced budget, taking into account the current level of reserves, medium term projections and the need to invest to meet the longer term business plan.

The Director of Finance and Operations is responsible for working with the Head Teacher, the Business Support Officers and CEO to prepare a draft annual budget for consideration by the Trust Resources Committee who submit the draft Budget for approval by the Trust Board. Once agreed, the Trust Board must minute their approval of the budget in line with DfE requirements.

The approved budget must be submitted to the DfE by the specified date, and the Director of Finance and Operations is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. Following approval, the budget will be communicated to all employees with budgetary responsibility.

The annual budget forecast will reflect the best estimate of the resources available to the Trust for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the Trust Development Plan objectives and the budgeted utilisation of resources.

## Staff Appointments

As part of the annual budget process, the Trust Board will approve a staff establishment for (a) The Trust and (b) Academies. Amendments to the approved establishments within approved budget levels, in the case of (a) require the approval of the Trust Board (b) require the approval of the Director of Finance and Resources or the CEO.

The CEO for the Trust and Headteacher for the Academy have the authority to appoint staff within the authorised establishment except for the role of Head Teacher where Trustees will be involved. Appointments to the senior leadership team of each school will be subject to approval by a member of the Executive Team. The CEO will approve all appointments to the Executive Team of the Trust.

## Budget Monitoring and Review

Management Accounts will be prepared on a monthly basis by the Head of Finance setting out the Trust's financial performance and position and will be reviewed by the Director of Finance and Operations and the CEO. The format of the management accounts must include:

- Income and expenditure account
- Variation to budget report
- Cash flow
- Balance sheet
- Key financial performance indicators

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. Monthly management accounts will include a latest financial forecast for the year.

If a budget overspend is forecast it may be appropriate to vire money from another budget. This must be authorised at the levels as shown in Appendix 1.

Once reviewed by the CEO, the monthly management accounts will be uploaded to Governor Hub accessible for all Trustees.

## Procurement

The Trust must ensure that spending has been for the purpose intended and is required to achieve the best value for money from all its purchases. This means purchasing goods at the correct quality, quantity and time at the best possible price 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 Trust.
- Accountability, the Trust is publicly accountable for its expenditure and the conduct of its affairs.
- Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

All spend must be authorised through the internal delegation levels that apply throughout the Trust and are detailed in Appendix 1.

## Purchase of Alcohol and Gifts

The trust's funds must not be used to purchase alcohol for consumption, except where it is to be used in religious services.

No gifts for staff (including items such as vouchers or flowers) should be purchased using school budgets in line with guidance issued by the ESFA.

If schools wish to purchase gifts for external agencies providing voluntary work, this must be authorised by the Director of Finance and Operations prior to any spend.

## Routine Purchasing

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, working with the Business Support Officer, and to ensure that any expenditure is consistent with the objectives of the academy.

Appropriate authorisation limits are reviewed annually and approved by the Trust's Board (see Appendix 1). The detailed Purchasing Procedures can be seen at Appendix 2.

The finance team centrally manages relationships with suppliers can provide information to requisitioners and budget holders for preferred suppliers used by the Trust for value for money. The suppliers set up within the Trust's finance systems represent the Trust's approved supplier list. The use of suppliers not currently set up within the finance system is subject to prior approval from the Head of Finance.

## Tendering

Levels of purchasing and tendering limits are included in Appendix 3.

It is necessary to take the most economically advantageous tender (MEAT) of best value into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted.

## Purchasing cards

Purchasing Cards are to be used by the nominated card holder only and the card should be stored securely. The pin number for the card should be memorised and not stored with the card. When using the card online, the card details should not be saved or given out to anyone outside the authorised users of the Business Support Officer, Headteacher and central finance team.

Procedures for the authorisation of expenditure using purchasing cards is identified in Appendix 2. On rare occasions it may be necessary to use the purchasing card without having a signed requisition form however this should be infrequent. If this occurs the purchaser must have verbal and/or email approval from the Budget Holder which is then detailed/attached on the purchase requisition completed on Access system at the earliest opportunity.

In order to minimise the risk with purchasing cards they all have a transaction limit and a monthly expenditure limit. The Trust has accounts set up with suppliers used across the Schools therefore it may be the case that this method of payment can be used instead of the purchase card. A list is being compiled that will be made available however in the meantime please contact the finance team who will be happy to help.

Each month a reconciliation of the purchasing card is completed by the finance team. Should the finance team consider the spend inappropriate, then this should be reported to the Head of Finance.

## Personal reward schemes when making school purchases

Staff are not to use their own personal loyalty cards to obtain any personal benefit when making purchases for the Trust in line with regulations issued in the Academies Trust Handbook.

## Income

The main sources of income for the Trust are the grants from the DfE/ESFA. The receipt of these sums is monitored directly by the Head of Finance who is responsible for ensuring that all grants due to the Trust are collected.

Grant funding is received for academy conversions and bids made by Consilium. All external funding is managed and monitored by the Director of Finance and Operations and reported to Trust Resources Committee.

Other Income received by the Academies for such items as trips and visits, sales of educational items, uniforms, catering etc should be paid from parents directly into Parent Pay. If in rare cases cash is received, this should be checked and receipted by the Business Support Officer or equivalent. All income should be banked intact with two signatories on the cash count and a reconciliation completed for all receipts and the paying in slip.

Detailed guidance for income can be found in Appendix 4.

## Lettings

Letting and hire of the Trust facilities will be conducted in line with the Lettings Policy for each academy which includes a scale of charges and will be reviewed annually. Each School follows their own local guidance and lettings policy.

The Business Support Officer or equivalent will provide the lettings details to the central finance team who will ensure that income for lettings are invoiced and income recovered in line with the policy. Any unpaid invoices will be chased as bad debts.

## Custody

Monies collected should be held securely in the Academy Finance Office Safe and should be banked and reconciled promptly. All income should be banked intact with two signatories on the cash count and a reconciliation completed for all receipts and the paying in slip.

## Cash Management - Bank Accounts

The following procedures must be followed when opening a bank account and operating it:

- the opening of all accounts must be authorised by the CEO and Director of Finance and Operations
- the Head of Finance will ensure that in the event of changes to key personnel, 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 Bankers Automatic Clearing System (BACS) authorisations and the operation of the accounts must be formally recorded and agreement minuted).

## Payments and withdrawals

All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures of authorised signatories as listed in Appendix 1. This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Trust. At least one of the cheque signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

## Administration

All bank accounts must be reconciled monthly by the Finance Officer within five working days of month end. These will be reviewed monthly by the Head of Finance as part of the monthly management accounts process.

## Petty Cash

The Trust does not hold any petty cash.

## Payroll Process

At the start of every academic year the central HR team will provide the Business Support Officers with a timetable for each month's payroll.

The central team sends a monthly changes form to Access for each month's payroll on 27<sup>th</sup> of the previous month. If there are any variations to pay these must be notified to the central HR team by this date. Any leave requests or pay claims (such as overtime or expenses) are submitted through the online portal and must be authorised by the relevant authority by this date to be accounted for in the following month's pay.

All payments of travel and subsistence allowances are made through the payroll system.

Following submission to the payroll provider of these changes, the HR team are provided with a first set of checking reports which are then distributed to the Business Support Officers for their review and any queries are to be discussed with the central HR team. The central HR team conduct their checks to ensure all changes have been reflected and discuss any variances with the payroll provider.

Once all variances have been resolved and a final check completed, the central HR team are provided with the final payroll reports. The monthly payroll is then provided to the Director of Finance and Operations for review and approval prior to any payments being made. Following approval, payments will be made on or around the 15<sup>th</sup> of every month.

Any changes to the CEO's salary are approved by the Trust Board. The Trust has a Pay Policy and all changes to pay must be consistent with this, any variations outside of the pay policy must be raised with the CEO and reported to the Trust Pay Committee.

The Trust follows the National Joint Council (NJC) and Teachers Pay and Conditions guidance.

Further information can be found in the following Trust Policies:

- Travel and Subsistence Policy
- Special Leave of Absence Policy

- Applicable Local Authority Maternity/Paternity/Adoption/Shared Parental Leave Policy

## New Starters

Appointments are made in accordance with the Academies Recruitment and Retention Policy. Once an offer is made, pre-employment checks are conducted by the central HR team, including an enhanced DBS check with barred list information. Every new starter will have a HR induction to provide the employee with relevant information, training and Trust Policies.

## Section 128 check

A section 128 check is carried out according to paragraph 154 of Keeping Children Safe in Education (KCSIE).

The Trust carries out section 128 checks for:

- Trust members and trustees
- Governors who sit on committees or local academy boards with delegated responsibilities
- Staff engaged in management positions (see below)

The following are 'management positions':

- Headteacher
- Teaching positions on the senior leadership team
- Teaching positions that carry a department headship.

## Fixed Assets

All expenditure on estates, IT equipment, IT infrastructure and related IT developments must be approved by the Head of Estates/Technical Services, who will liaise with the Director of Finance and Operations and Chief Executive to ensure that investment is consistent with the Trust's overall Estates and IT strategy.

## Asset register

Assets purchased with a value over the academy's capitalisation limit of £1,000 must be capitalised. Assets below this value will be charged to the income and expenditure in the year of purchase.

The Head of Finance will review the Asset Register on a monthly basis to ensure completeness and identify any discrepancies. Any discrepancies over £1,000 must be reported to the Director of Finance and Operations.

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 and the Trust's financial system
- Support insurance claims in the event of fire, theft, vandalism or other disasters
- Security and disposal of assets.

## Security of assets

Assets must be secured by means of physical and other security devices. All the items in the asset register should be permanently marked as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Director of Finance and Operations. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this should be noted.

## Loan of assets

Items of Trust property, except staff and student laptops or tablets, must not be removed from academy premises without the authority of the Headteacher.

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 Trust's auditors.

## Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the Finance Regulations in Appendix 1 and, where significant, should be sold following competitive tender. When disposing of assets the Trust must achieve the best price that can reasonably be obtained and maintain the principles of regularity, propriety and value for money. As a result, disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment.

All disposals of land or buildings must be agreed in advance with the ESFA.

## Leases

All leases must be approved by the Director of Finance and Operations. The Trust is able to enter into operational leases as outlined in the Academy Trust Handbook and the prior to entering into the lease the Trust must ensure the lease maintains the principles of value for money, regularity and propriety.

Finance leases are classed as borrowings and can only be entered into with the specific authority of the ESFA.

## Depreciation Policy

The Trust will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines. Depreciation rules will be approved by the board in advance of preparing the annual statements. The current policy is shown in Appendix 6.

## Companies Policy

The Trust will not form any companies, subsidiaries or joint ventures without the approval of the Trust Board.

## Investment Policy

The Trust is firmly committed to ensuring that all funds under its control are administered in such a way as to maximise return whilst minimising risk. Trustees do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of funds.

Trustees' management of cash flow should ensure that there are always sufficient funds in the main bank account to cover operational costs. The Trust will seek to ensure that any cash not required for operating expenses is placed on deposit at the most favourable rate.

Where significant funds have been accumulated that are not required in the short term for operational expenses, or as part of a planned surplus for a specific project, The CEO and Director of Finance and Operations may consider the investment of these funds in order to generate a longer term income or capital fund. If this is proposed the action will go to the Trust Resources Committee for approval.

## Reserves Policy

The Board of Trustees reviews the reserve levels of the Academy Trust annually at the year-end and as part of its budget planning process. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. Trustees determine what the level of uncommitted reserves should be. The aim is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

As part of its monitoring of in-year financial performance, the Board of Trustees reviews the forecast impact on reserves and considers this as a part of its medium term financial planning.

The targeted level of reserves required is considered to be the equivalent of one month's payroll costs across the Trust. If the Trust's free reserves falls short of this target, the Trust will continue to attempt to make cost savings to increase the reserves to the required level sustainably, whilst ensuring that the trajectory of school improvement is maintained.

Reserve funds will be held on deposit in an interest bearing account in a UK regulated bank or in other instruments and investments as agreed from time to time by the Board.

## Bad Debts

The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable is covered by the Academy Trust Handbook.

## Tax

The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Director of Finance and Operations to ensure compliance with VAT regulations. The Head of Finance will amalgamate the VAT 126 from each Academy and the Central Team and complete the VAT 126 Claim monthly following the Academies Month end procedures. The Head of Finance will ensure that Corporation Tax returns are completed on time and in accordance with legislation.

## Insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees' and officers' indemnity element from the overall cost of the RPA scheme membership.

The Director of Finance and Operations will review all risks annually to ensure the cover available and the sums insured are adequate. The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.

The Trust will not give any indemnity to a third party. The Trust will immediately advise the insurers of any accident, loss of other incident which may give rise to an insurance claim.

## Monitoring Outcomes & Review

Outcomes will be monitored and reviewed by regular internal checks and scrutiny by senior management. Effectiveness of this policy and any associated procedures will also be monitored by the Trust Resources Committee, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results will be presented by regular written reports to the Audit Committee. Findings and recommendations will be used to revise this policy and associated procedures and this will be undertaken by referring any recommendations for changes to the Resources Committee.

Key Performance Indicators of the success of this policy are:

- No inappropriate use of money
- Adherence to budgets
- Value for Money being demonstrated
- Expenditure targeted on key priority areas
- Timely reports to Board, DfE and others
- Up to date, accurate records.

## Appendix 1 – Delegation and Approval

No.	Duty	Value	Authority
1	Ordering Goods and Services (raising requisitions)	Up to £500	Budget Holder reviewed by Finance Assistants
		£500 - £5,000	Business Support Officer or Head of Finance
		£5,001 - £10,000	Headteacher or Head of Finance
	Tendering procedures as per appendix 2	£10,001 - £35,000	Director of Finance and Operations
		£35,001 - £50,000	CEO
		Over £50,000	Trust Resources Committee
2	Signatories for Cheques and Payment authorisations for Academies (inc BACS but not payroll)	Any	Two signatories in line with bank mandates.
3	Payroll BACS	Any	Director of Finance and Operations
4	Signatories for DFE grant claims	Any	CEO
			Director of Finance and Operations
5	Virement of budget between Budget Heads	Up to £100,000	CEO or CFO
		Over £100,000	Director of Finance and Operations
6	Disposal of Assets	Up to £1,000	HOF
		£1,001- £5000	HOF
		Over £5,000	DFO / CEO reporting to Trust Resources Committee
7	Writing off Of “Bad Debt”	Up to £1,000	HOF
		Over £1,000	DFO/CEO with referral to Trust Resources Committee Annually
8	Purchase or Sale of freehold Property	Any	Trust Board/DfE
9	Granting or taking up of any Leasehold tenancy or agreement exceeding 3 years	Any	Trust Board/DfE
10	Raising Invoices to Collect Income	Any	Business Support officer with referral to HOF
11	Expense Claims	Against Budget holder	Budget Holder within delegated purchasing limits
		Budget holder claimant	Business Support Officer within delegated purchasing limits
12	Credit Cards	Any	Approval in line with delegated purchasing limits

## Appendix 2 – Purchasing

Budget holders will be informed of the budget available to them once the budget is finalised. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Budget holders can run a print detailing actual expenditure against budget from the system which is recommended to be done on a monthly basis. If any budget holder would like assistance running or reviewing the report, please contact the finance team who will be happy to help.

Routine purchases of up to £500 can be ordered by budget holders. In the first instance, a supplier should be chosen from the list of approved suppliers maintained by the Central Finance team. A purchase requisition must always be completed detailing the product price and information before any order is placed. This commitment will then be authorised prior to purchase by the budget holder.

If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list, the reasons for this decision must be discussed and agreed with the Business Support Officer/central finance team. If a new supplier is requested, a new supplier request form must be completed and submitted

by the BSO to the central finance email address for the relevant school. To change any supplier details, a supplier amendment form must be completed and submitted by the BSO to the central finance email address attaching any external documentation.

All orders must be made, or confirmed, using an official order requisition in Access. Orders must be authorised electronically by the budget holder who must check that sufficient budget is available. When the Finance Assistants convert the requisition to an order, a secondary check will take place to ensure adequate budgetary provision exists before processing.

The Finance Assistants must make appropriate arrangements for the delivery of goods to the school. On receipt, the Budget Holder is responsible to ensure that a detailed check of the goods received against the goods received note (GRN) is undertaken and a record of any discrepancies between the goods delivered and the GRN is submitted to the central finance team. Discrepancies should be notified to the finance assistants who will discuss the discrepancies with the supplier of the goods.

If any goods are rejected or to be returned to the supplier, the School should contact the supplier to make arrangements and keep a detailed record of the process. Updates should be given to the budget holder and central finance team on a regular basis.

All suppliers should be notified to send all invoices to the relevant finance email (as detailed below) in a timely manner.

Armthorpe	finance.armthorpe@consilium-at.com
Buile Hill Academy	finance.buile@consilium-at.com
Central Team	finance@consilium-at.com
Ellesmere Park High School	finance.ellesmere@consilium-at.com
Heworth Grange School	finance.heworth@consilium-at.com
Moorside High School	finance.moorside@consilium-at.com
Thornhill Academy	finance.thornhill@consilium-at.com
Washington Academy	finance.washington@consilium-at.com
Wyvern Academy	finance.wyvern@consilium-at.com

If any paper copies of invoices are received at the individual academies, the School must scan and send these to the finance team on receipt and at minimum on a weekly basis.

The Finance Assistants will check all details are correct with the order and will then input the invoices onto the system and attach a scan of supporting documentation. Once uploaded the invoice will be authorised by the nominated authoriser based on limits set in Appendix 1.

Every two weeks, or more often if required, the Finance Officer will review the invoices due for payment via BACS. The BACS payment will be authorised by two of the nominated authorisers (See Appendix 1). There is segregation of duties between the authorising of orders and the authorising of payments.

At least three quotations should be obtained for all orders over £5,000, to identify the best source of the goods/services. Details of quotations obtained should be attached to the requisition and then retained by the central Finance Office for audit purposes.

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Competitive tendering can be considered below this figure, in the interests of best value.

Orders are not used to purchase items for private and personal use.

## Appendix 3 – Competitive Tendering for Larger Purchases Policy

### Purchasing

The Academy wants to achieve the best value for money from all our purchases. This means we want to get what is needed in the correct quality, quantity and time at the best price possible. A large proportion of our purchases will be paid for with public funds and therefore 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.
- Value for Money, the Academy shall aim for:
  - Economy, minimizing the cost having regard to appropriate quality
  - Efficiency, an appropriate relationship between outputs and costs
  - Effectiveness, the achievement of the intended outputs

### Routine purchasing

Routine purchases up to £5,000 can be requested and are authorised as per the scheme of delegation. A quote or price must always be obtained before any order is placed. The central finance team have a list of regularly used suppliers, however, if the purchaser considers that better value for money can be obtained by ordering from a supplier not regularly used by the Academy then this must be discussed with the finance team.

Please see Appendix 1 for a Summary of Financial Authorisation Levels and the procedures to be followed for ordering goods.

### Tender limits

Delegated Duty	Value	Delegated Authority	Method
Ordering Goods and Services Including capital expenditure and lease commitments	Up to £5,000	As per delegated purchasing limits	Orders must be placed electronically on the finance ordering system.
	£5,001 - £50,000	As per delegated purchasing limits	At least three written quotes to be included with the electronic order
	£50,001 +	As per delegated purchasing limits	Formal tendering process

### Forms of tender

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 Director of Finance and Operations 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,
- risk regarding confidential information provided in the tender that should not be uploaded into the public domain for safety and security purposes.

## 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 or high health and safety/pupil safety/organisational risks exists,
- additional deliveries by the existing supplier are justified.

The tendering method must be agreed in advance with the Director of Finance and Operations or delegated authority. Final approval will be provided by the CEO/Trust Board.

## Preparation for tender

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills, qualifications and capabilities required
- after sales service requirements
- form of contract.

## Invitation to tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry. An invitation to tender should include the following:

- Introduction/background to the project;
- Scope and objectives of the project;
- Technical requirements;
- Implementation of the project;
- Explanation of how the tenders will be evaluated
- Terms and conditions of tender and;
- Form of response.

The invitation to tender should state the date and time by which the completed tender document should be received by the academy.

For any tenders received electronically these should be submitted to the designated email address outlined in the invitation to tender and clearly marked to indicate they contain tender documents. For any hard copy tenders received the envelope should be time and date stamped on receipt and stored by the designated tender issuer securely prior to tender opening. Any tenders received after the submission deadline should not normally be accepted and must be approved by the Director of Finance and Operations.

## Aspects to consider: Financial

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

## Technical/Suitability

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

## Other Considerations

- Insurances
- Pre sales demonstrations
- After sales service
- Financial status of supplier and review of submitted accounts on public record. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service.

## Tender Procedures

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. 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.

## Opening and Evaluating Procedures

1. All tenders submitted should be opened at the same time and the tender details should be recorded in the presence of two people, one being the tender issuer.
2. A separate record should be established to record:
  - the nature of the goods or materials to be supplied or the works or services to be provided;
  - the name of each supplier or sub-contractor quoting/tendering;
  - the date and time of receipt of each quotation/tender;
  - the date and time of opening of the quotations/tenders;
  - the amount of each quotation/tender;
  - evaluation criteria and results
  - the name of all persons present at the opening of the quotations/tenders.

This record must be signed by two people present at the tender opening.

Tenders will be evaluated on both price and quality to determine the most advantageous offer. The scoring methodology will be determined by the tender issuer and bespoke to the contract required. This may include using a weighted percentage or evaluation based on criteria such as:

- Total cost
- Resourcing

- Implementation
- Relevant experience and expertise.

## Awarding Procedures

Contracts will be approved by the designated authority as set out in the Tender limit table above. Full records should be kept of all criteria used for evaluation and decisions made.

A report should be prepared for the Resources Committee highlighting the relevant issues and decisions made or recommending a decision for Committee approval, depending upon tender authorisation thresholds.

Dependent upon the service required, once a decision is made there may be a standstill period for a short (at least 10 calendar day) pause between the point when the contract award decision is notified to bidders and the final contract conclusion, during which time suppliers can challenge the decision.

## Capital Monitoring

Where required by the terms and conditions of specific grants, submission of project details and spend will be provided to the relevant body.



## Appendix 4 – Income

The Head of Finance ensures that estimates for all income are included in the budget and that all income due to the school is collected.

All lettings are carried out in accordance with the Schools local lettings policy.

The Finance Officer identifies income due to the school; The Finance Assistants/ Business Support Officers are responsible for collecting and banking the income. Where invoices are required, they are issued within 30 days and in accordance with V.A.T. requirements.

For income received, an official pre-numbered receipt is issued with a signature. Other records are maintained for small amounts of income and remittances are held by the finance team.

Cash and cheques are locked in the fireproof safe and do not exceed the agreed insurance limits.

All income is banked intact and reconciled against the receipts. Banking / Cash collection should take place on a regular basis.

# Appendix 5 – Accounting Policies

All account polices are schedule in the annual financial statements and are to be reviewed annual by Trustees in line with statutory reporting requirements.