



**IRONSTONE ACADEMY TRUST**

# Financial Regulations Manual

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# 1. Introduction

- 1.1. The purpose of this manual is to ensure that 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 our Funding Agreement with the Department for Education (DfE).
- 1.2. The Trust must comply with the principles of financial control outlined in the academies guidance published by the ESFA, most notably the **Academy Trust Handbook**, [Academy Trust Handbook 2025 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/672222/academy-trust-handbook-2025.pdf), which clarifies the current delegated financial limits the Trust should operate within. This manual expands on that and provides detailed information on the Trust's accounting procedures and systems. This manual should be read by all staff involved with financial systems.
- 1.3 Employees of the trust must comply with the policies and procedures of the trust. They must have due regard for financial responsibility in their actions. The policies that should be read in conjunction with the Financial Regulations are:
- Scheme of Delegation
  - Charging and Remissions Policy
  - Debt Recovery Policy
  - Whistleblowing Policy
  - Reserves and Investment Policy
  - Tendering and Procurement Policy
  - Funding Agreement
  - Articles of Association
  - Risk Management Policy

This policy applies across all staff and operations within each academy within the Academy Trust, namely:

- Normanby Primary School
- Nunthorpe Primary Academy
- Ormesby Primary School
- Overfields Primary School
- Riverdale Primary School
- Zetland Primary School

The Chief Finance Officer will monitor compliance with the manual and instances of non-compliance should be reported to the Finance, Audit & Personnel Committee (FA&P committee)

## 2. Organisation

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

### **The Board of Trustees**

- 2.2 The Board of Trustees has overall responsibility for the administration of the Trust's finances.

The main responsibilities of the Trustees are prescribed in the Funding Agreement between the Trust and the ESFA and in the Trust's Scheme of Delegation and Governance Handbook. The main responsibilities include:

- ensuring that grant from the ESFA is used only for the purposes intended
- ensuring that funds from sponsors are received according to the Trust's Funding Agreement, and are used only for the purposes intended
- approval of the annual budget
- appointment of the Chief Executive Officer (CEO) who will also be appointed as Accounting Officer. In the event of the CEO absence, the Deputy CEO will assume the role of Accounting Officer.
- appointment of the Chief Financial Officer (CFO), in conjunction with the CEO.
- appointing senior members of staff and approving changes to staffing structure of constituent academies.

### **The Finance and General Purposes Committee**

- 2.3 The Trust Finance and General Purposes Committee meets once a term but more frequently if necessary.

The trust must ensure that if income exceeds £50m a dedicated audit committee is established

- 2.4 The main responsibilities of the Finance Committee are detailed in written Terms of Reference and have been authorised by the Board of Trustees

The main responsibilities include:

- the initial review and authorisation of the Local Academy Committee (LAC) annual budgets
- the regular monitoring of actual expenditure and income against budget
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the ESFA guidance issued to academies
- authorising the award of contracts over £10,000

- authorising changes to the Trust personnel establishment
- reviewing the reports of the Internal Scrutiny Auditor on the effectiveness of the financial procedures and controls. These reports must also be reported to the LACs.
- Regular monitoring of cashflow.

The Academy trust must not have any de facto Trustees.

### **The Chief Executive Officer/Accounting Officer**

- 2.5 The CEO has been appointed as the Accounting Officer. Within the framework of the Trust development plan as approved by the Board of Trustees, the CEO has overall executive responsibility for the Trust's activities including financial activities. Much of the financial responsibility has been delegated to the Chief Finance and Operating Officer (CFOO). The Accounting Officer has personal responsibility (that cannot be delegated) for assuring The Board of Trustees that there is compliance with the Handbook, the Funding Agreement and all relevant aspects of company and charitable law.

Within the framework of the Trust the CEO has overall executive responsibility for the Trust's activities including financial activities. Much of the financial responsibility has been delegated to the CFOO but the CEO still retains responsibility for the points below:

- Support the Trustees in recruiting Headteachers and managing each Academy
- Lead strategic planning and operational work
- Create high level external relationships including DFE, LA, National College, Ofsted, Teaching Schools
- Develop the Trust and generate income
- Maintaining communication between trustees, LAC.
- Service the Trust committees.
- Oversee Capital Development across the MAT
- Ensure representation of the Trust within Teaching Schools Alliances.
- Authorising contracts up to £10,000.

### **The Deputy CEO/Executive Head Teachers/Head Teachers/Head of School**

The Deputy CEO/Executive Head Teacher/Head Teacher/Head of School has responsibility for:

- approving new staff appointments within the authorised establishment, except for any leadership posts which the Board of Trustees have agreed should be approved by them.
- authorising contracts up to £10,000

### **The Chief Finance and Operating Officer**

2.6 The Chief Finance and Operating Officer (CFOO) works in close collaboration with the CEO through whom he/she is responsible to the Trustees. The CFOO also has direct access to the trustees via the FA&GP Committee. The main responsibilities of the CFOO are:

- overseeing the financial operations and controls for the Trust
- audit of internal control systems ensuring risks are reviewed and minimised
- the day-to-day management of financial issues including the establishment and operation of a suitable accounting system
- the management of the trust's financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy
- the preparation of monthly management accounts for the Finance, Audit & Personnel Committee
- preparation of the annual budget
- Ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.
- Key member of Leadership team helping to develop and implement strategy and to resource and deliver strategic aims and objectives
- Authorising electronic payments in conjunction with another authorised signatory. Two signatories are required on all payments.
- Monthly reporting of income, expenditure and cash flow to Trustees.

### **Other Staff**

2.7 Other members of staff, primarily the School Business Managers, Finance Assistant and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

### **Internal Scrutiny**

2.8 The Internal Scrutiny Auditor (IA) is independent of the external auditors appointed by the Board of Trustees and provides governors with an independent oversight of the Trust's financial affairs. The main duties of the

Internal Auditors are to provide the LAC and Board of Trustees with independent assurance that appropriate financial controls are operated within the trust the financial responsibilities of the Board of Trustees 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 considered in reaching decisions.

- 2.9 The IA will undertake three programmes of reviews, generally termly, to ensure that financial transactions have been properly processed and that controls are operating as required by the Board of Trustees. A report of the findings from each visit will be presented to the LAC and Board of Trustees.

### **Register of Interests**

- 2.10 Register of business interests are published on the IAT website for all Trustees, Members and LAC's in line with the requirements of the Academy Trust Handbook.

The register will fully comply with the requirements of the Academy Trust Handbook. The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a director or a member of staff by that person; and will include personal relationships within the Trust that are required to be declared.

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all Trust governors and staff with significant financial or spending powers, are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection.

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

The Governance Service with Redcar and Cleveland Borough Council will maintain the Register of Business Interests and will ensure that declarations are updated as soon as changes occur and on at least an annual basis and published on the Trust's website.

The Trust will ensure that any transactions with connected parties are carried out within the Academy Trust Handbook guidelines and that any transactions over £2,500 value would be undertaken on an 'at cost' basis.

### 3. Accounting System

- 3.1 All the financial transactions of the Trust must be recorded on IRIS Financials Accounting system.

#### **System Access**

- 3.2 Entry to the accounts system is password restricted. The CFOO acts as administrator across the Trust applying appropriate levels of security and access.

#### **Back-up Procedures**

- 3.3 IRIS Financials is hosted on the accounting company's cloud. It is the contractual responsibility of IRIS Financials to maintain adequate back-up and disaster recovery procedures. They delegate this responsibility to Blackbox hosting.
- 3.4 IRIS Financials cloud hosted environment is owned and operated by Blackbox hosting. Blackbox hosting is responsible for:
- Develop, maintain and periodically test plans to ensure that they are adequate and fit for purpose.
  - Ensure that all data managed on behalf of the academy is adequately protected to enable efficient and effective recovery.
  - Ensure data is backed-up onto appropriate media at regular intervals.
  - Ensure media is securely stored off-site.
  - Ensure test restores of data are carried out at regular intervals.
  - In the event of a disaster they will recover the services. This may take up to 48 hours to complete.

The Emergency and Business Continuity Plan includes a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

#### **Transaction Processing**

- 3.5 Financials procedures at school level cover primarily purchasing, goods receipting, invoicing, staff expenses, sales invoicing and recording of income.

Each Academy operates a segregation of duties as follows. In the first instance all purchase orders raised by administrators are authorised by the School Business Manager. In exceptional circumstances where the administrator is unable to raise purchase orders these may be raised by the School Business Manager and signed by Head Teacher.

All orders greater than £1,000 generate a notification email to Head Teacher. More complex financial procedures; VAT returns, Accruals & Prepayments, Payroll Journals are undertaken by the CFOO/Finance Manager. All journal entries must be documented and authorised by the CFOO/Finance Manager prior to being input to the accounting system. The PSF system reference should then be recorded on the documentation.

Accrual and Deferral limit for Income is £1,000

Accrual and Prepayment limit for Expenditure is £1,000

- 3.6 Detailed information on the operation of PS Financials can be found in the user manuals held in the Finance Office.

### **Transaction Reports**

- 3.7 The Finance Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:
- the monthly audit trail reports; Aged Debtors & Creditors
  - management accounts, summarising expenditure and income against budget, at budget holder level.

### **Reconciliations**

- 3.8 A monthly compliance sheet will be completed by each school at each month end and forwarded to the CFOO for counter checking.

All Income and Expenditure relating to the month should be completed, in principle within one week, after month end. Head Teacher should sign the bank statement and agree the bank balance to PS Financials.

Each School Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared. Checks undertaken listed but not limited to the below:

- sales ledger control account
- purchase ledger control account
- payroll control account
- credit card control
- bank balance per the nominal ledger to the bank statement
- Payment Clearing Run Clearing Account
- Any excluded nominal on Trial Balances

- 3.9 Any unusual or outstanding reconciling items must be dealt with promptly.

## 4. Financial Planning

- 4.1 The Trust prepares both medium term and short-term financial plans.
- 4.2 The medium-term financial plan is prepared as part of the development planning process. The development plan indicates how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years. The development plan indicates how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 4.3 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year.
- 4.4 The development planning process and the budgetary process are described in more detail below.
- 4.5 A Financial Planning Shared Service plan will be created and the level of payments monitored by the Finance Manager for all shared services

### **Development Plan**

- 4.6 The development plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the 'big picture' within which more detailed plans may be integrated.
- 4.7 The form and content of the development plan are matters for the Trust to decide but due regard should be given to the matters included within the guidance to academies and any annual guidance issued by the ESFA.
- 4.8 Each year the CEO will propose a Trust Strategy, including where needed, a planning cycle and timetable to the Board of Trustees which allows for:
- a review of past activities, aims and objectives - "did we get it right?"
  - definition or redefinition of aims and objectives – "are the aims still relevant?"
  - development of the plan and associated budgets – "how do we go forward?"
  - implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and

- feedback into the next planning cycle – “what worked successfully and how can we improve?”

### **Annual Budget**

- 4.9 The CFOO is responsible for preparing and obtaining approval for the annual budget. The individual school budgets must be approved by the LACs and Board of Trustees.
- 4.10 The approved budget forecast(s) must be submitted to the ESFA by the published due date(s) each year and the CFOO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 4.11 The annual budget 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 development plan objectives and the budgeted utilisation of resources.
- forecasts of the likely number of pupils, to estimate the amount of DfE grant receivable
  - review of other income sources available to the Trust, to assess likely level of receipts
  - review of past performance against budgets, to promote an understanding of the Trust cost base
  - identification of potential efficiency savings and
  - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

### **Balancing the Budget**

- 4.12 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.

### **Finalising the Budget**

- 4.13 Once the different options and scenarios have been considered, a draft budget should be prepared by the CFOO, together with the Deputy CEO/Executive head Teacher/Head Teacher/ Head of School and School Business Manager for approval by the CEO prior to approval by LAC and the Board of Trustees. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

In accordance with ESFA regulations and timetable a Budget Forecast Return will be submitted. The deadline for the return is end of August. The date changes each year.

- 4.14 The budget should be seen as a working document which may need revising throughout the year as circumstances change. The Trust requires all schools to revise original budgets via medium term financial plan in early Spring term based on up-to-date information.
- 4.15 Any staffing structure changes through the year, should be discussed with the Senior Management Team/CEO/CFOO together with a business plan and approved by Trustees before advertising posts.

### **Monitoring and Review**

- 4.16 Monthly reports will be prepared by the SBM. The reports will detail actual income and expenditure against budget, both for budget holders and at a summary level for the Head Teacher.
- 4.17 Any potential overspends or underspends against the budget must in the first instances be discussed with the CFOO and CEO.
- 4.18 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.
- 4.19 Reserves within the schools should be in line with the Trust's policy. Any variation to this must be communicated to the CFOO, CEO and Board of Trustees.

## **5. Payroll**

- 5.1 The main elements of the payroll system are:
  - staff appointments
  - payroll administration
  - payments

### **Staff Appointments**

- 5.2 The LAC and Board of Trustees have approved a staffing structure for the Trust. Permanent changes can only be made to the structures with the approval of the Board of Trustees.
- 5.3 The Head Teacher has authority to appoint staff within their own establishment, except for Deputy Head Teacher and Head Teacher, whose appointments must

follow consultation with the governors. The SBM maintains personnel files for all members of staff which include contracts of employment.

- 5.4 Each year a salary statement for each member of staff should be given to the staff member with their new salary following pay review committee and pay awards granted. The salary statement should be signed by the Head Teacher/Head of School and the member of staff. The signed copy should be filed in their personnel files.

### **Payroll Administration**

- 5.5 The Trust payroll is administered by an outsourced provider, Xentrall Shared Services, under a Service Level Agreement which is reviewed on an annual basis.
- 5.6 All staff are paid monthly through the outsourced provider who has access to the Trust's bank payment facilities. Payment is made to all employees on or around the 25<sup>th</sup> of the month.
- 5.7 The outsourced provider holds the appropriate master files for each employee. In addition, the SBM holds master data for each employee of key contract elements as recorded in each staff members personnel file. These include salary, contracted weeks, contracted holidays, contracted hours and salary scale point.
- 5.8 Details of new employees, changes to contracts and terminations are uploaded to a secure portal. All amendments to contracts are authorised by the Head Teacher or Deputy Head in the absence of the Head Teacher.
- 5.9 All staff sickness and other absences reported during the month should be authorised by the Head Teacher and sent to the outsourced provider by the 6<sup>th</sup> of the month by secure portal. All overtime, supply and travel expenses claim approved by the Head Teacher should be submitted by 6<sup>th</sup> of the month by secure portal.

### **Payments**

- 5.10 Salary payments are performed by the outsourced provider.
- 5.11 All salary payments are made by BACS.
- 5.12 The SBM should 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 should be reviewed and signed by the Head Teacher.
- 5.13 All deductions of pensions, taxes, student loans are performed by the outsourced provider.

- 5.14 According to the service level agreement, the outsourced provider is contracted to correctly calculate all deductions of tax, National Insurance, pensions and other statutory deductions from pay.
- 5.15 After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The SBM should review the payroll control account each month to ensure the correct amount has been posted from the payroll system and individual salary accounts have been correctly updated.
- 5.16 The IA may check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

Following the uplift to teaching salaries after the autumn term pay review, the SBM will produce salary statements. Support staff statements will be generated by the SBM after 1<sup>st</sup> April in line with NJC terms and conditions.

### **Staff Severance Payments**

- 5.17 Non-contractual payments at the end of employment would only be paid if the Academy Trust has concluded that the payment represented the best value for money compared to other options. The business case for such payments would be fully documented and the guidance issued by the ESFA will be followed.

The CEO in conjunction with the Chair of Trustees may approve non-contractual payments up to £5,000.

The Board of Trustees may approve non-contractual payments between £5,000 and £50,000

Non-contractual payments over £50,000 (gross, before income tax or other deductions) ESFA's prior approval must be obtained before making any offer to staff. ESFA will refer such transactions to HM Treasury, so schools should allow sufficient time for proposals to be considered.



## 6. Purchasing

|                                                 | Executive Headteacher/<br>Head Teacher/<br>Head of School | SBM                                           | Administrators                                 | DHT/AHT | CFOO                               | CEO/DCEO<br>(Accounting Officer)   |
|-------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------|------------------------------------------------|---------|------------------------------------|------------------------------------|
| <b>Raises orders</b>                            | No                                                        | Yes, email to alert HT if in excess of £1,000 | Yes, requires authorisation by Finance Manager | No      | Yes, for all constituent academies | No                                 |
| <b>Approved by</b>                              | No                                                        | Yes                                           | No                                             | No      | Yes, for all constituent academies | No                                 |
| <b>Goods Received/<br/>Checked</b>              | No                                                        | Yes                                           | Yes                                            | No      | Yes, for all constituent academies | No                                 |
| <b>Process Invoice payment</b>                  | No                                                        | Yes                                           | No                                             | No      | Yes, for all constituent academies | No                                 |
| <b>Payroll Input</b>                            | No                                                        | Yes                                           | No                                             | No      | Yes, for all constituent academies | No                                 |
| <b>Payroll Approval</b>                         | Yes                                                       | Yes                                           | No                                             | Yes     |                                    |                                    |
| <b>Operates procedures on Accounting System</b> | No                                                        | Yes                                           | Part (orders and goods receipt)                | No      | Yes, for all constituent academies | No                                 |
| <b>Signing Cheques</b>                          | No                                                        | No                                            | No                                             | No      | No                                 | Yes, for all constituent academies |
| <b>Authorise BACS payments</b>                  | No                                                        | Yes 1 <sup>st</sup> approver                  | No                                             | No      | Yes, for all constituent academies | Yes, for all constituent academies |
| <b>Internal Bank Transfers</b>                  | No                                                        | No                                            | No                                             | No      | Yes, for all constituent academies | Yes, for all constituent academies |

6.1 The Trust wants to achieve the best value for money from all purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they 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 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.

### **Supplier Masterfile**

6.2 The supplier master-file will be controlled and managed by the Central Team.

Changes to supplier details including bank account details are carefully controlled, as the Trust is aware that this is an area that is vulnerable to fraud. Supplier details will not be amended until the changes have been verified as being valid.

Each new or amended supplier bank account/payment details will be documented on a supplier request form by the School Business Manager. The SBM must contact the supplier to confirm any changes to bank accounts by using a phone number that is not on the bank account request from the supplier. This will document the evidence received and the method of verifying this information.

### **Purchasing**

6.3 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. A print detailing actual expenditure against budget will be supplied to each budget holder on a termly basis.

6.4 All goods and services must have an approved purchase order before being ordered. A manual requisition form is complete by a member of staff and approved in accordance with the authorisation limits stated below. Orders must then be entered onto the PS Financials system. The trust's funds must not be used to purchase alcohol. For invoices that do not have a purchase order prior committed to the system, the invoice must be entered into the system as a non-order invoice (XXPI), and all approval signature must be on the invoice prior to paying.

## Authorisation limits – Orders and Invoices

| Order Value £ | Authorised by                                    |
|---------------|--------------------------------------------------|
| Up to £1,000  | Budget holder and School Business Manager,       |
| Up to £10,000 | Heads of School/ Head Teachers/ Executive Heads, |

Orders over £10,001 need approval in advance from the Local Academy Committee and Board of Trustees.

- 6.5 Orders raised over £1,000 generate an email alert to the Head Teacher for notification only.
- 6.6 On receipt of goods, the Administrators undertakes a detailed check of the goods received against the goods received note (GRN) and makes a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
- 6.7 If any goods are rejected or are to be returned to the supplier because they are not as ordered or are of sub-standard quality, they must be returned to the Finance Office. The Finance Assistant will arrange the returns and keep a central record of all goods returned to suppliers.
- 6.8 All invoices should be sent to the Finance Office. Invoices will be recorded by the Finance Assistant or SBM in the purchase ledger. Invoices will be stamped with a grid against which the following can be evidenced:
- Date received
  - Agreed to order/GRN
  - Date input
  - Order number
  - Nominal code
  - Cost Centre
  - BACs/cheque
  - Approver 1
  - Approver 2
  - Purchase order invoice number (POIN)

Every month the Finance Assistant/SBM will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the SBM.

Every month the CFOO will review a list of outstanding purchase orders and goods receipts for all constituent academies. Any anomalies will be raised with the SBM at constituent academies

The SBM will then input details of payments to be made to the purchase ledger and generate a bank payment.

Payments to parents in respect of damaged or lost property are at the discretion of the Head Teacher/ Head of School. Payment will only be made upon presentation of an official till receipt for the replacement item.

Staff expense payments for goods purchased must be supported with a valid receipt showing VAT details if applicable. An expense requisition must be completed and reconciled with receipts by the SBM.

### **Purchasing for Contracted Services and Periodical Payments**

- 6.9 There are other revenue services which will be provided on a regular basis by outside suppliers but which for practical purpose requisitions/orders cannot be processed through the system in the above manner. Nevertheless, they are still subject to internal control processes.

Examples of such services are school transport, contract cleaning, catering, security, insurance, monthly subscriptions paid by Direct Debit, purchases made on the credit card and utilities. In the case of these services, the terms of the service are agreed with a supplier and the payment is made against an invoice for which the contract itself forms the basis for agreeing the invoice.

These contracts will be awarded in line with the process outlined in this policy.

- 6.10 These invoices are verified against the contracted arrangements and approved by the appropriate signatories.

### **Non-Competitive Purchases**

- 6.11 If competitive purchasing procedures are not followed, i.e. because there is a sole supplier, for reasons of urgency etc. a justification report will be prepared and approval will be sought from the F&GP Committee. The only permitted exception to this is for educational resources as recommended by DFE. This applies to purchases below EU Thresholds only.

### **Emergency Purchases**

- 6.12 From time to time budget holders may need to make purchases to cover for an emergency situation. Such purchases are subject to the same authorisation requirements as documented in this policy.

### **Gifts**

- 6.13 All gifts should follow IAT's Gifts, Hospitality and Bribery Policy. If unsure, employees should discuss with the CEO/ or CFOO.

## **Competitive Purchasing Requirements**

### **Quotations and Tenders**

**(Threshold values are net of VAT and are the cumulative value over the life of the contract)**

All constituent academies must follow the Procurement and Tendering Policy which includes the following limits:

#### **Value less than £10,000**

- 6.14 In purchasing all goods and services, budget holders should ensure that they review the use of existing resources and consider the cost, quality, reliability and availability. Value for money should always be considered but no formal quotes are required for spends under £10,000. Established framework arrangements will be used wherever appropriate, and firm prices must be obtained before commitment to purchase is made.

#### **Value over £10,000 but less than £50,000**

- 6.15 At least three written quotations should be obtained for all orders between £10,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and presented for consideration by the LAC, their recommendation will then proceed to Trustees for final approval. Emergency building works or purchases can be approved by the CEO but must be reported at the next Trustee meeting.

#### **Value over £50,000**

- 6.16 6.19 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 a form of tender.

Procurements must be carried out in accordance with the rules and thresholds in the Public Contract Regulations 2015 and external advice must be sought where necessary.

For purchases above this threshold a project plan identifying responsibilities and authorisation routes must be approved. Legal advice should be taken if the value is above the GPA limits.

### **Legal Advice**

- 6.17 Legal advice will normally be sought before proceeding with a contract of any significant value. The Trust will consider whether this is necessary and in proportion to the total value/risks attached to the contract.

### **Related Party Transactions**

6.18 Trusts must obtain ESFA prior approval using an on-line form (Find a Tender) for contracts for the supply of goods or services to the trust by a related party agreed on or after 1<sup>st</sup> September 2023 where:

- A contract or other agreement exceeding £40,000 within the same financial year;

The approval requirement does not apply in the following circumstances:

- Contracts and other agreements for the supply of goods or services to a trust by the following educational establishments:
  - Colleges, universities and schools which are sponsors of the academy trust;
  - State funded schools and colleges, including academy trusts.
- The concession does not apply to transactions with a subsidiary of such a related party.
- The provision of services to an academy trust with a religious designation, for essential functions fundamental to the academy trust's religious character and ethos which can only be provided by their religious authority

## 7. Income

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

7.2 Bids for further potential funding from the DfE/ESFA such as capital allocations, may be submitted, following discussion and approval by the CEO. Headteachers must report these in their termly Headteacher reports.

7.3 The Trust also obtains income from:

- students, mainly for school meals and trips and
- the public, including lettings of the school buildings.

The Trust uses a cashless management information system to record cash from parents and carers.

### **School Meals**

7.4 The majority of payments are received through on-line payment systems, which provide a secure method of payment, issues receipts and records the payment against the individual student.

The receipt of credits into the bank account will be verified by the relevant Admin Assistant/Office Manager and reconciled as part of bank reconciliation. Some cash payments are also received. Cash received is reconciled against the record of student meals taken and the amount banked and verified through the bank reconciliation process.

All appropriate efforts will be made to collect outstanding debts in respect of dinner money, and the Executive Head Teacher/Head Teacher/Head of School will be made aware of debts in excess of a level of two weeks costs.

### **Educational Visits**

- 7.5 All visits will be placed on the school's online payment system with dates applied for deadlines ensuring that parents & carers have all the correct information to enable them to make payments on time. The Finance Assistant will oversee this using the reporting system to make periodic checks for outstanding payments.
- 7.6 The SBM will do a full report closer to the visit to ensure that all income has been received. Debt Management Policy will be followed for outstanding payments.

### **Lettings**

- 7.7 All Lettings bookings are to be made using the school booking form and presented with Public Liability Insurance and a signed declaration setting out any cancellation information from both hirer and academy.
- 7.8 The SBM will produce a sales invoice from the accounting system. Details of payments will be made by electronic transfer to the academy bank account or, in some circumstances by prior arrangement, by cheque/cash. This will be recorded and monies banked. The SBM will follow up outstanding debts on a monthly basis with an Aged Debtors Enquiry.
- 7.9 No debts should be written off without the express approval of the Full Local Academy Committee (the ESFA's prior approval is also required if debts to be written off are above the value set out in the Academy Trust Handbook). A full report, of any written off debt, must be communicated with the Board of Trustees

### **Custody**

- 7.10 Official, pre-numbered Trust receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept securely in the Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £5,000 insurance limit on the Finance Office safe.

- 7.11 Monies collected must be banked in their entirety in the appropriate bank account. The Finance Assistant is responsible for preparing reconciliations between the sums collected and the sums deposited at the bank. The SBM will record in the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the SBM.

## 8. Cash Management

### Bank Accounts

- 8.1 The opening of all accounts must be authorised by the Board of Trustees, who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control. A signatory list must be held on file.

The internet banking for all schools in the Trust are administered by the Central Team to manage the limits and user access.

### Deposits

- 8.2 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
- the amount of the deposit and
  - a reference, such as the number of the receipt or the name of the debtor.

### Payments and Withdrawals

- 8.3 All cheques and other instruments authorising withdrawal from Trust bank accounts must bear the signatures of two of the following authorised signatories:
- Head Teacher
  - Central Team

- 8.4 This provision applies to all accounts, public or private, operated by or on behalf of Board of Trustees. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

### On-line Banking and Payments

- 8.5 Access to the Trust's bank accounts is available through the Lloyds website.
- 8.6 Appropriate access rights to the Lloyds system are determined by the bank signatories. Access is controlled by user ID and password security administered by Lloyds. The Lloyds website should not be saved as a bookmark on staff's

computers and passwords/pin codes should not be saved in the computers 'saved' passwords/files on computers to reduce the risk of fraud.

#### **8.7 Approved Inputters**

School Business Managers  
CFOO  
Finance Partner

#### **8.8 Approved Authorisers**

CFOO  
CEO  
School Business Managers  
Finance Partner

**Each transaction needs two authorisers.**

#### **Administration**

8.9 The SBM must ensure 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 Trust's cash book
- reconciliations are prepared by the SBM
- reconciliations are subject to an independent monthly review carried out by the HT
- adjustments arising are dealt with promptly.

#### **Petty Cash**

8.10 The Academy Trust does not operate a petty cash system

#### **Cash Flow Forecasts**

8.11 The Central Team is responsible for preparing cash flow forecasts to ensure that the Trust has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile the General Annual Grant (GAG) to cover potential cash shortages.

#### **Investments**

8.12 Investments must be made only in accordance with written procedures approved by the Board of Trustees.

- 8.13 All investments must be 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.

### **Purchasing Card**

- 8.14 Assigned holders of Trust purchasing cards will typically be Head Teachers or SBMs. They must only be used for business expenditure, and balances cleared before interest accrues. Each credit card has a limit of £2,000, except one credit card at Normanby Primary School, which has a higher limit of £3,000 due to the size of the establishment.
- 8.15 Expenditure is recorded in the accounting system direct from the statement. Statements should be reconciled on the accounting system each month, with relevant receipts attached and stored with the statement.
- 8.16 A separate log should be kept which records usage. This will ensure that any unauthorised usage is identified. The log should be reconciled with the statement and stored with the relevant statement.
- 8.17 The Central Team has access to a single portal where delegated limits can be changed and school accounts are managed.

### **Insurance**

- 8.18 Risk Protection Arrangements (RPA) will be considered unless commercial insurance provides better value for money.

## **9. Fixed Assets**

### **Asset Register**

- 9.1 All items purchased with a value over the Trust's capitalisation limit of £3,000 must be entered in an asset register. Items of equipment of a desirable or portable nature with a value under £3,000, will be recorded in the equipment register. The asset / equipment register should include the following information:
- Asset description.
  - Asset number.
  - Serial number.
  - Date of acquisition.
  - Asset cost.
  - Expected useful economic life.
  - Depreciation.
  - Current book value.

- Location.
- Name of member of staff responsible for the asset.

9.2 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 and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

### **Security of Assets**

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

9.4 All the items in the register should be permanently and visibly 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 LAC. 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.

### **Disposals**

9.5 Items which are to be disposed of by sale or destruction must be authorised for disposal by the SBM and, where significant, should be sold following competitive tender. Disposal of assets up to the value of £100 must be approved by the SBM. Assets valued between £101 - £1,000 by the Head Teacher and greater than £1,000 should seek approval from the Finance & General Purposes Committee along with the HT and SBM. *The Trust 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.*

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

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

- 9.8 All disposals of land must be agreed in advance with the Secretary of State.
- 9.9 The FAGP committee must be informed prior to:
- any guarantees, letters of comfort or indemnities being issued
  - disposal of fixed assets • finance leases / or leasehold agreements on land & buildings
  - novel, contentious or repercussive transactions
  - Borrowing being entered into.

The above may also require prior approval from ESFA.

### **Loan of Assets**

- 9.10 Items of Trust property must not be removed from Trust premises without the authority of the CEO/ /CFOO/Executive Head Teacher/Head Teacher/Head of School. A record of the loan must be recorded and booked back into the system when it is returned.
- 9.11 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.

### **Write-Offs and Liabilities**

- 9.12 The Trust must obtain ESFA prior approval for the following transactions beyond the delegated limits of the two categories;
- Writing off Debts & losses
  - Entering into guarantees, letters of comfort or indemnity
- 9.13 The ESFA delegated limits are:
- the amount exceeds 1% of annual income or £45,000 (whichever is smaller) per single transaction;
  - 2.5% of annual income cumulatively (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous 2 financial years - this category includes new trusts that have not had the opportunity to produce 2 years of audited accounts;
  - 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous 2 financial years.

## **Capitalisation Policy**

### **Recognition**

- 9.14 The Trust opened for business on 1<sup>st</sup> June 2014. Ironstone Academy Trust, which at the time was under the control of the local authority, had assets which have been recognised in the balance sheet as 'transfer from Local Authority on conversion'.
- 9.15 Tangible fixed assets acquired since the Trust was in operation are included in the accounts at cost.
- 9.16 The Trust has a capitalisation threshold of £1,000. Assets with a value less than £1,000 are written off in the year of acquisition.
- 9.17 Where the Trust makes bulk purchases relating to a single project which amount to £1,000 or more, capitalisation will apply.

### **Measurement**

- 9.18 Tangible fixed assets on the balance sheet are carried at cost, net of depreciation and any provision for impairment.

### **Funding**

- 9.19 Where tangible fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and depreciated over their expected useful economic life.
- 9.20 If they have been acquired by the aid of specific grants, either from the government or from the private sector, the related grants are credited to a restricted fixed asset fund (in the statement of financial activities) and carried forward in the balance sheet.
- 9.21 If they have been acquired with the use of general annual grant or unrestricted income the income is initially credited to the relevant restricted or unrestricted fund in the balance sheet and then transferred to the restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet).
- 9.22 The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy against the restricted fixed asset fund.

### **Depreciation**

- 9.23 Depreciation is provided on a straight-line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on land. The principal annual rates used for other assets are:

|                                 |                         |
|---------------------------------|-------------------------|
| Buildings                       | 2% Straight Line Basis  |
| Furniture and equipment         | 20% Straight Line Basis |
| Computer equipment and software | 33% Straight Line Basis |

- 9.24 Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.