

**Ironstone Academy Trust**

**Financial Regulations Manual**

Date of Review:

Approved by:

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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 Education Funding Agency (EFA).

1.2. The Trust must comply with the principles of financial control outlined in the academies guidance published by the EFA <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/535870/Academies_Financial_Handbook_2016_final.pdf>. 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.

# 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 EFA and in the Trust’s Scheme of Delegation and Governance Handbook. The main responsibilities include:

* ensuring that grant from the EFA 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
* appointment of the Chief Financial Officer (CFO), in conjunction with the CEO.
* Should consider more frequent board meetings than are required under the articles as the Trust expands
* All Governance arrangements to be added to the website in a readily accessible format
* The Trust must notify the EFA of the appointment of members or trustees through Secure Access
* Trustees must be aware that notices to improve will be issued due to financial and governance concerns
* Trustees must ensure details of governance arrangements are published in the annual accounts
* Trustees must review the skills, effectiveness, leadership and impact of the board.
* Trustees must ensure appropriate insurance arrangements are in place
* Trustees ensure budgets are set and monitored according to census data and annual general grant statements
* Seek professional advice in accordance with employment law to ensure compliance with regard to settlement payments and severance pay
* 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 frequent if necessary.

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

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 <http://ironstoneacademy.org.uk/governance-documents/>

The main responsibilities include:

* the initial review and authorisation of the Local Governing Body (LGB) 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 EFA guidance issued to academies
* the Governance Value for Money Statement is now incorporated into the End of Year Accounts
* authorising the award of contracts over £10,000
* authorising changes to the Trust personnel establishment and
* reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the LGBs.

The Academy trust must not have any de facto Trustees

## The Chief Executive Officer

2.5 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 Chief Finance Officer (CFO) but the CEO still retains responsibility for link to Guidance for Trustees:

* Support the Trustees in recruiting 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
* Member of LGB of founding school. Maintaining communication between trustees, LGB.
* Service the Trust Education Committee, Finance and General Purposes committee and other trust committees once established.
* Oversee Capital Development across the MAT
* Ensure representation of the Trust within Teaching Schools Alliances.

**The Accounting Officer**

The Accounting Officer must adhere to the seven principles of public life see (Appendix A)

## The Chief Finance Officer

2.6 The Chief Financial Officers (CFO) works in close collaboration with the CEO through whom he or she is responsible to the Trustees. The main responsibilities of the CFO:

* Monitor income and expenditure of constituent academies.
* Prepare Trust VAT returns
* Prepare consolidated accounts
* Submit EFA returns
* Ensure forms and returns are sent to the EFA in line with the timetable in the EFA guidance.
* Key member of Leadership team helping to develop and implement strategy and to resource and deliver strategic aims and objectives
* Must be actively involved in and be able to bring influence to bare on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered and alignment with the Trusts overall financial strategy.
* Lead and direct a finance function that is resourced and fit for purpose.
* Lead promotion and delivery by the Trust of good financial management so that public money is safeguarded at all times and used appropriately economically, efficiently and effectively.

## The Responsible Officer

2.7 The Responsible Officer (RO) is a member 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 RO are to provide the LGB and Board of Trustees with independent assurance that. *The RO is not generally a member of the End of Year audit team.*

* 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 taken into account in reaching decisions.

2.8 The Responsible Officer will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Board of Trustees. A report of the findings from each visit will be presented to the LGB and Board of Trustees.

## Other Staff

2.9 Other members of staff, primarily the 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.

## Register of Interests

2.10 Register of business interests are posted on the IAT website for all Trustees and members <http://ironstoneacademy.org.uk/governance-documents/>

LGB business interests are posted on Academy websites

<http://normanby.ironstoneacademy.org.uk/governors/>

<http://nunthorpe.ironstoneacademy.org.uk/governing-body/>

<http://zetland.ironstoneacademy.org.uk/>

<http://ormesby.ironstoneacademy.org.uk/>

All Register of Business Interests must identify close relationships between members or trustees and between members or trustees and the trust’s employees

Staff business interest are held in individual academies.

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.

2.12 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 or LGB. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

**Financial Control**

# 3. Accounting System

3.1 All the financial transactions of the Trust must be recorded on PS Financials Accounting system.:

## System Access

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

**Back-up Procedures**

3.4 PS Financials is hosted on the accounting company’s cloud

3.5 The 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

3.6

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

Each Academy operates a segregation of duties as follows

All purchase orders raised by administrators are authorised by Finance Manager

All orders greater than £1,000 generate a notification email to Head Teacher.

More complex financial procedures; VAT returns, Accruals & Pre-payments, Payroll Journals are undertaken by the CFO/Finance Manager

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

## Transaction Reports

3.8 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

3.9 The Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

* sales ledger control account
* purchase ledger control account
* payroll control account
* credit card control
* bank balance per the nominal ledger to the bank statement.
* Head Teacher should sign the bank statement and agree the bank balance to PS Financials.

# 4. Financial Planning

4.1 The Trust prepares both annual and 3 year financial plans.

4.2 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 Top Slice plan will be created and the level of ‘top slice’ 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.

4.6 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 EFA.

4.7 Each year the CEO will propose 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

4.11 The Finance Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the LGB and Board of Trustees.

4.12 The approved budget forecast(s) must be submitted to the EFA by the published due date(s) each year and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

4.13 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 Finance 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

4.14 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

4.15 Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance Manager for approval by the CEO prior to approval by LGB and resolved by 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 EFA regulations the budgets must be uploaded by 31st July of each year. *New for 2017, 2 budget forecasts due: May and July*

4.16 The budget should be seen as a working document which may need revising throughout the year as circumstances change.

## Monitoring and Review

4.17 Monthly reports will be prepared by the Finance Manager. The reports will detail actual income and expenditure against budget, both for budget holders and at a summary level for the Head Teacher and disseminated to SLT as required.

4.18 Any potential overspend by budget holders against the budget must in the first instance be discussed with the Finance Manager and reported to the Head Teacher. Appropriate plans should be in place to explain how funds will be provided to support the budget overspend.

4.19 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.

# 5. Payroll

## Staff Appointments

5.2 The LGB 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, Head Teacher and the Chief Financial Officer, whose appointments must follow consultation with the governors. The Finance Manager maintains personnel files for all members of staff which include contracts of employment.

## Payroll Administration

5.4 The Trust payroll is administered by an outsourced provider, Xentrall Shared Services, under a Service Level Agreement which is reviewed on an annual basis.

5.5 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 the 25th of the month.

5.6 The outsourced provider holds the appropriate master files for each employee. In addition the Finance Department 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.

5.7 Details of new employees, changes to contracts and terminations are sent to outsourced provider by secure email. All amendments to contracts are authorised by the Head Teacher.

5.8 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 6th of the month by secure email. All overtime, supply and travel expenses claims approved by the Head Teacher should be submitted by 6th of the month by secure email.

## Payments

5.10 Salary payments are performed by the outsourced provider.

5.11 All salary payments are made by BACS.

5.12 The Finance Manager 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 are 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 Finance Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual salary accounts have been correctly updated.

5.16 The RO checks 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 outsourced provider will produce salary statements. Support staff statements will be generated by the Finance Manager after 1st April in line with NJC terms and conditions.

# 6. Purchasing

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Head Teacher** | **Finance Manager** | **Finance Assistant (S)** | **DHT/AHT** | **CFO** | **CEO**  **(Accounting Officer)** |
| **Raises orders** | **No** | **Yes email to alert HT if in excess of £1000** | **Yes Requires authorisation by Finance Manager** | **No** | **Yes for all constituent academies** |  |
| **Approved by** | **No** | **Yes** | **No** | **No** | **Yes for all constituent academies** |  |
| **Goods Received/Checked** | **No** | **Yes** | **Yes** | **No** | **Yes for all constituent academies** |  |
| **Process Invoice payment** | **No** | **Yes** | **No** | **No** | **Yes for all constituent academies** |  |
| **Payroll Input**  **Payroll Approval** | **No**  **Yes** | **Yes**  **Yes** | **No**  **No** | **No**  **Yes** | **Yes for all constituent academies** |  |
| **Operates procedures on Accounting System** | **No** | **Yes** | **Part (orders and goods receipt)** | **No** | **Yes for all constituent academies** |  |
| **Signing Cheques** | **Yes** | **No** | **No** | **Yes** | **No** | **Yes for all constituent academies** |
| **Authorise BACS payments** | **Yes 2nd approver** | **Yes 1st approver** | **No** | **Yes 2nd approver** | **Yes for all constituent academies** | **Yes for all constituent academies** |
| **Internal Bank Transfers** | **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.

## Routine Purchasing

6.2 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.

6.3 Routine purchases up to £1,000 can be ordered by budget holders via the Finance Department.

6.4 All orders must be made, or confirmed, in writing using an official order form, stocks of which are held in the Finance Office. Orders must bear the signature of the budget holder and must be forwarded to the Finance Office where checks will be made to ensure adequate budgetary provision exists before processing the order.

6.5 Raised orders are recorded in the finance system, generate an email alert to the Finance Manager for Authorisation. Finance Assistant then emails the order to the supplier. Orders raised over £1,000 generate an email alert to the Head Teacher for notification only.

6.6 On receipt of goods, the Finance Assistant 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 Finance Manager 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/Manager will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the Finance Manager. The Finance Manager will indicate on the list the invoices that should be paid.

Every month the CFO will produce a list of outstanding purchase orders and goods receipts for all constituent academies. Any anomalies will be raised with the Finance Manager at constituent academies

* 1. The Finance Manager will then input details of payments to be made to the purchase ledger and generate a bank payment or cheque run. The cheque run and associated paperwork must be authorised by two of the nominated signatories. The BACS payment run is executed by the Finance Manager and authorised by an account signatory using the Internet Banking Facility.

* 1. Payments to parents in respect of damaged or lost property are at the discretion of the Principal. 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 Finance Manager. If a payment is for a signatory of the bank account, then that person *should not*authorise the payment in the bank.

## Purchasing Card

6.14 Assigned holders of Trust purchasing cards, which can be used to achieve best value, by ordering goods from online websites. Holders will typically be members of senior leadership team including Finance Managers. An official purchase order form should be completed and authorised as per routine purchasing instructions. The Finance Manager will then order the goods online. The Finance Assistant records all purchasing card transactions on a log sheet which is then reconciled to the monthly statement and recorded on the finance system. The Finance Assistant can also check daily with the internet online purchase card system.

## Procurement and Tendering

* 1. All constituent academies must follow the Procurement and Tendering Policy which includes the following limits
* Up to £10,000 power delegated to Head Teacher
* Between £10,001 and £49,999 school will request 3 written quotations for consideration by the LGB. Emergency building works or purchases can be approved by the CEO but must be reported at the next Trustee meeting.
* £50,000 and up to EU threshold, three formal quotations to be submitted in writing by a specified date and time and based on a written specification and evaluation criteri.
* Over EU thresholds, follow legal guidance

The values are for single items or groups of items, which must not be disaggregated artificially.

The sterling equivalents of EU thresholds (net of VAT) are £164,176 from 1/1/16 for supplies and Part A services and £4,104,394 from 1/1/16 for works. The sterling equivalents are changed on 1 January of each even-dated year.

<http://www.ojec.com/thresholds.aspx>

<https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/484497/PPN_1815_New_Thresholds_2016.pdf>

*For tenders expected to exceed EU thresholds, advertisements must also be placed in OJEU (the Official Journal of the European Union) and must follow EU procurement requirements with particular regard to be given to the timescale for such tenders.*

## Forms of Tenders

6.16 There are three forms of tender procedure: open, restricted and negotiated. 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 Finance Manager 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 Trust’s requirements
  + the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

* **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
  + the above methods have resulted in either no tenders or unacceptable tenders
  + only one or very few suppliers are available
  + extreme urgency exists
  + additional deliveries by the existing supplier are justified.

## Preparation for Tender

6.17 Full consideration should be given to:

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

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

## Invitation to Tender

6.19 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.

6.20 An invitation to tender should include the following:

* introduction/background to the project
* scope and objectives of the project
* technical requirements
* implementation of the project
* terms and conditions of tender and
* form of response.

## Aspects to Consider

### Financial

* Like should be compared with like and if a lower price means a reduced service or lower quality, this must be borne in mind when reaching a decision.
* Care should be taken to ensure 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*** • Pre sales demonstrations.

* After sales service.
* Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and the provision of an after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

## Tender Acceptance Procedures

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

## Tender Opening Procedures

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

* For contracts up to £49,999 – any two of any of the following: Governor, the Finance Manager or Head Teacher.
* For contracts over £50,000 - the Finance Manager or the Head Teacher plus a member of the Board of Trustees.

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

## Tendering Procedures

6.24 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.

6.25 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.

6.26 Full records should be kept of all criteria used for evaluation and for contracts between £10,001 and £49,999 a report should be prepared for the LGB Committee highlighting the relevant issues and recommending a decision. For contracts of £50,000 and over the decision and criteria should be reported to the Board of Trustees.

6.27 Where required by the conditions attached to a specific grant from the EFA, the department’s approval must be obtained before the acceptance of a tender.

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

# 7. Income

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

7.2 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. All transactions are monitored by the Finance Assistant with reports printed for reducing balance events i.e trips

## Visits

7.3. All visits will be placed on Parent Pay 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 within and to make periodic checks for outstanding payments.

7.5 The Finance Manager will do a full report closer to the visit to ensure that all income has been received. Finance Manager will ask Finance Assistant to follow up all outstanding payments

## Lettings

7.6 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.

7.7 The Finance Manager will produce a sales invoice from the current 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 Finance Manager will follow up outstanding debts on a monthly basis with an Aged Debtors Enquiry.

7.8 No debts should be written off without the express approval of the Full Governing Body (the EFA’s prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

## 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 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 Finance Manager will post to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Finance Manager.

# 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 must have an administrator, usually the Finance Manager, to manage the limits within. This must have a clear audit trail and be signed by the HT/Accounting Officer

## 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:

* + SLT typically

.

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.

## Administration

8.5 The Finance Manager 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 Finance Manager
* reconciliations are subject to an independent monthly review carried out by the HT/Accounting Officer
* adjustments arising are dealt with promptly.

## Remissions and Charging Policy

## <http://normanby.ironstoneacademy.org.uk/wp-content/uploads/sites/1/2016/12/Remissions-and-Charges-Policy.pdf>

<http://nunthorpe.ironstoneacademy.org.uk/policies/>

<http://ormesby.ironstoneacademy.org.uk/policies/>

Zetland -

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

**Petty Cash**

The Academy Trust does not operate a petty cash system

## Cash Flow Forecasts

8.11 The Finance Manager 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.

**Insurance**

Risk Pooling Arrangements will be considered unless commercial insurance provide 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.
* Source of funding (% of original cost funded from EFA grant and % funded from other sources).
* 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 LGB. 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. **NB IAT are purchasing an online asset management system due for commencement Summer 17**

## Disposals

9.5 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Finance Manager and, where significant, should be sold following competitive tender. Disposal of assets up to the value of £100 must be approved by the Finance Manager. 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 Finance Manager. *The Trust must seek ,the approval of the EFA 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 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 EFA a proportion of the sale proceeds.

9.8 All disposals of land must be agreed in advance with the Secretary of State.

**Write-Offs and Liabilities**

The Trust must obtain EFA 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

The delegated limits are set out in the AFH to a maximum of £250,000

## Assets, Land and Buildings

## Trust must obtain prior approval for lease transactions or tenancy agreements on land and buildings as outlined in the AFH (Leasing)

## 

9.9 Items of Trust property must not be removed from Trust premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back in when the item is returned to the Trust.

9.10 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.

**Capitalisation Policy**

## Recognition

9.11 The Trust opened for business on 1st 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’.

9.12 Tangible fixed assets acquired since the Trust was in operation are included in the accounts at cost.

9.13 The Trust has a capitalisation threshold of £3,000. Assets with a value less than £3,000 are written off in the year of acquisition.

9.14 For clarification, where the Trust makes bulk purchases of similar items that meet the definition of capital expenditure and individually are below the capitalisation threshold but collectively amount to more than the capitalisation threshold, these are capitalised in the year of acquisition.

## Measurement

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

## Funding

9.16 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.

9.17 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.

9.18 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).

9.19 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

9.20 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

9.21 Depreciation is not charged in the year of acquisition but is charged in the year of disposal.

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

To deal with

* approving new staff appointments within the constituent establishments The Trustees are responsible for appointing senior members of staff and approving changes to staffing structure of constituent academies.

Appendix A

Seven Principles of Public Life

<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>