



**Bridgnorth Area Schools' Trust
(Multi Academy Trust)**

FINANCE PROCEDURES MANUAL

FREQUENCY OF REVIEW: Every two years

RECEIVED AND APPROVED BY RESOURCES COMMITTEE: 28 February 2018

DATE OF NEXT REVIEW: September 2019
unless there is a material change

Registered at Companies House
Company Registration Number:
09617166

Aim

It is the aim of the Board of Trustees to ensure that all financial resources made available to the schools are used in an efficient and effective manner in order to ensure that Value for Money is achieved. The aim of this policy is to create a framework within which the Bridgnorth Area Schools' Trust (BAST) schools and individual members of the school staff, Board of Trustees and Local Governing Bodies can achieve this. This policy conforms to the requirements of the funding agreement between BAST and the DfE. This manual expands on that and provides detailed information on the Trust's accounting procedures and system manual which should be read by all staff involved with financial systems.

Introduction

This financial systems and controls guide is not meant to be an exhaustive guide to the systems and controls that should be in place for Bridgnorth Area Multi Academy Trust schools. We have considered and implemented relevant systems and procedures which assist us in ensuring that we comply with all the laws and regulations applicable to academies, including the financial controls outlined in the Education & Skills Funding Agency (ESFA) Academies Financial Handbook 2017.

Certain information included within this guide is taken directly from the ESFA's Academies Financial Handbook 2017 and summarised accordingly.

Organisation of Responsibility and Accountability

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 trustees and staff. The financial reporting structure is illustrated below:

The Board of Trustees

The Board of Trustees has a statutory responsibility to oversee the financial management of the schools' and to ensure adherence to the funding agreement with the DfE and the Academies Financial Handbook. The Board of Trustees recognises the importance of clearly defining the roles and responsibilities of its committees, the Local Governing Bodies, Headteachers and other staff. The Board of Trustees has overall responsibility for the administration of the Trust's finances. The main responsibilities of the Board of Trustees are prescribed in the Funding Agreement between the Trust and the DfE and in the Trust's scheme of government. The main responsibilities include:

- ensuring that grant from the DFE 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 Executive Headteacher and Headteacher(s); and
- appointment of the Director of Finance and Business, in conjunction with the Executive Headteacher.

The Resources Committee

The Resources Committee is a committee of the Board of Trustees, which meets at least once a term but more frequent meetings can be arranged if necessary. The main responsibilities of the Resources Committee are detailed in the written terms of reference, which have been authorised by the Board of Trustees.

The Resources Committee will meet at least once a term and will consider, as a minimum:

- a) Financial monitoring statements for each school within BAST - the regular monitoring of actual expenditure and income against budget;
- b) The consolidated BAST budget and long term financial forecast;
- c) Cashflow forecasts;
- d) The annual financial statements - ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DFE guidance issued to academies;
- e) Key risks and agreed mitigating actions reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls;
- f) the initial review and authorisation of the annual budget;
- h) authorising the expenditure over £35,001 and up to £50,000.

The Chair of the Resources Committee in conjunction with the Director of Finance and Business will submit a brief summary report to the Board of Trustees at least once per term.

Executive Headteacher (Trust Accounting Officer, AO)

The Accounting Officer is appointed by the Board of Trustees. She is personally responsible to Parliament and the ESFA's Accounting Officer for assuring the Board of Trustees that there is compliance with the Academies Financial Handbook, the funding agreement and all relevant aspects of company and charity law.

The main duties of the AO are to provide the Board of Trustees with independent assurance that:

- 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.

The Responsible Officer will undertake a quarterly 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 Resources Committee. The current AO, as appointed by the Board of Trustees is Mrs Sarah Godden, Executive Headteacher for the Bridgnorth Area Schools' Trust (BAST).

Director of Finance and Business - (Trust Chief Financial Officer, CFO)

The Trust Director of Finance and Business works in close collaboration with the Executive Headteacher, Headteachers and Finance staff through whom she is responsible to the Trustees. The Director of Finance and Business also has direct access to the Trustees via the Resources Committee. The main responsibilities of the Director of Finance and Business are:

- the day to day management of financial issues including the central finance services team 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 Trust;
- the preparation of monthly management accounts;
- signing cheques in conjunction with the Executive Headteacher (or other authorised signatories if the Executive Headteacher is not available);
- Authorising appointment/variation/leaver forms for staff, except for any senior staff posts which the Board of Trustees have agreed should be approved by them;
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

The current CFO, as appointed by the Board of Trustees is Mrs Karen Cook, Director of Finance and Business for the Bridgnorth Area Schools' Trust (BAST).

Headteachers

The Headteachers are responsible for:

- a) the detailed preparation of an annual school budget, which addresses the strategic aims and targets, established both at BAST and at the school level;
- b) the day to day management of the school budget under the Scheme of Delegation as set out at Annex B and approved by the Board of Trustees; and
- c) ensuring the effective operation of the administrative functions impacting on finance within the school, to include:
 - a) the roles of each member of staff being clearly defined and the duties of staff with responsibility for financial transactions being, as far as is practicable, distributed to ensure that key tasks such as the processing of orders and invoices, are assigned to separate members of staff (segregation of duties) and that appropriate systems of internal check exist;
 - b) the adherence to the funding agreement and Academies Financial Handbook;
 - c) the establishment of systems to ensure that financial control is maintained at all times, in line with BAST policy, including procedures in the absence of key staff; and
 - d) the maintenance of appropriate documentation and transactional records.

BAST Central Finance Team

The BAST Central Finance Team will have responsibility for the day-to-day running of the computerised finance system. In addition, the central finance team will have responsibility for:

- a) the preparation of the BAST level annual budget and longer term spending plans (consolidating information from each of the schools);
- b) the maintenance of computerised records of income and expenditure in line with the Academies Accounts Direction and charities Statement of Recommended Practice (SORP);
- c) the checking and reconciliation of the school's financial records including reconciliations for bank, purchase ledger and sales ledger when appropriate;

- d) completing the quarterly VAT returns in the prescribed format and forwarding them to the HMRC
- e) the undertaking of monitoring procedures and the production of regular monitoring statements for the BAST senior management team and the Resources Committee.

The Director of Finance and Business in conjunction with the Trust Finance Officer are responsible for ensuring the following checks are undertaken for all schools within the Trust:-

1. All payments made to suppliers have been correctly authorised
2. No payments have been made that could be classed as 'fee payments' to individuals without completing the necessary checks to confirm self-employed status
3. Income received by Trust schools can be traced from source to financial system entry and bank statement
4. Bank account reconciliations are being completed each month for all school bank accounts
5. The funding budget entered on the Trust's financial accounting system is reconciled promptly to the sources of income, i.e. EFA statement of funding
6. VAT returns are being submitted on time
7. Petty cash reconciliations are being completed
8. Direct debit and standing order arrangements are appropriate and have been correctly authorised
9. Individual staff salary payments are reconciled to the employee's contract on a regular basis (at least each term)
10. All balance sheet accounts i.e. Creditors, Debtors, control accounts are reconciled each month.

Other Trust Staff

Other members of staff, primarily the Director of Finance and Business, Trust Finance administrators 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

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 Board Trustees and staff are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.

Trustees, Governors and staff of the school will be required to complete a Register of Business Interests and declare any links they or any member of their immediate family have with any firm from which the school may wish to buy goods or services. The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school. The Register will be:

- a) annually reviewed;
- b) maintained for any in-year changes as notified; and
- c) made available for inspection by Trustees, Governors, staff, parents and the Local Authority.

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 trustee or a member of staff by that person. The information in the register is taken into account whenever buying or staffing decisions are made. Any trustee, governor or member of staff who has an interest in a business tendering for a contract does not form part of the committee awarding the contract. Any trustee, governor or member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the committee recommending or deciding these. The minutes of the Trustee and Governor meetings where buying decisions can be influenced will record any interests as a standing agenda item.

Trading with Connected Parties

BAST will pay no more than cost for goods and services provided to it by any member/trustee of the Trust or any company, individual or organisation connected to a member/trustee.

Novel/contentious transactions

Any transaction, which is outside the range of normal business activity or may be viewed as contentious will be referred to the ESFA for prior authorisation. Details of transactions, which are novel or contentious, are included in the Academies Financial Handbook.

The budget cycle

The budget cycle is as follows:

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

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

Budget

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.

The budgetary planning process will incorporate the following elements:

1. forecasts of the likely number of pupils to estimate the amount of General Annual Grant
2. latest estimate of other ESFA funding e.g. pupil premium, Yr7 Catch-Up or other specific funds
3. review of other income sources available to the school's to assess likely level of receipts
4. review of past performance against budgets to promote an understanding of the school cost
5. identification of potential efficiency savings

6. 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
7. all carry forward balances
8. any unspent grants from the previous financial year
9. any funds held in Trust

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Trust Development Plan.

If there is a significant (over 10%) departure from the anticipated budget this will be escalated to the Resources Committee as part of the monthly management accounts procedure.

The approved consolidated budget is then entered onto the finance system (Civica) at the start of the new financial year.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Director of Finance and Business for approval by the Headteacher of each school, the Executive Headteacher, the Resources Committee 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. The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change. Each school budget must be approved by the Headteacher and the Resources Committee before being considered by the Trust Board. A consolidated budget must then be approved by the Trust Board.

Budget Monitoring and Review

Monthly reports will be prepared by the Trust Finance Assistant in conjunction with the Director of Finance and Business. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Resources Committee. Any potential overspend against the budget must in the first instance be discussed with the Director of Finance and Business. The monitoring process should be effective and timely in highlighting variances in the budget so these differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to transfer money from another budget or from the contingency. All budget virements must be authorised by the Resources Committee and reported to the Board of Trustees.

Budget holders must be informed of the budget available to them as soon as the budget is approved. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

Other Government Funding

In addition to GAG funding from the ESFA the Trust may be awarded specific funding for other projects e.g. Condition Improvement Funds (CIF), Character Bid funding, Additional Special Educational Needs funding etc. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.

The Director of Finance and Business/Trust Finance Officer is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Other Grants and specific funding

In addition to the GAG funding from the ESFA the academy/MAT and other government funding, the academy/MAT may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, and Charitable Grants etc. All applications for additional external funding must be approved and supported by the Trustees. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.

The Director of Finance/Trust Finance Officer is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Funds held in Trust

Where funds are held in trust the Director of Finance/Trust Finance Officer responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

Virements

Substantial virements shall be approved and minuted by the Resources Committee and should be within the agreed criteria and financial limits.

The Director of Finance/Trust Finance Officer is given delegated power to vire from one budget to another and shall seek approval from the Resources Committee and retrospectively where the amount exceeds £10,000.

All virements exceeding £10,000 of the budget shall require prior approval from the Resources Committee.

All such virements are to be formally recorded and individually referenced on the Academy's financial accounting system.

Revised Budget

Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Accounting Officer, Director of Finance and Business and Headteachers and reports forwarded to the Board of Trustees. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Resources Committee and or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Board of Governors. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

Budget Forecast Return

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

Monitoring and review (including management accounts)

Monthly reports are prepared by the Director of Finance and Business in conjunction with the Trust Finance Officer. The reports include:

- actual income and expenditure against budget (shown as month to date and cumulatively)
- balance sheet
- cash flow forecast
- one page summary highlight and explaining variances of at least 5% or £10,000 (whichever is smaller)

Any potential overspend against the budget must in the first instance be discussed with the Executive Headteacher, Director of Finance and Business and the relevant Headteacher.

The monthly reports are sent to the Executive Headteacher (Accounting Officer)

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

- reviews management accounts
- reviews compliance against the scheme of delegation
- reviews transactions for evidence of connected party transactions
- value for money practice

The Accounting Officer has delegated the following responsibilities to Director of Finance and Business:

- adherence to tendering policies
- review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook
- review of trustees/governors' minutes

A checklist is completed for each review undertaken.

Annual Accounts and Returns

The academy trust must prepare annual audited financial statements for the Accounting period to 31 August.

The accounts are outsourced to the Trust accountants Whittingham Riddell for preparation.

The accounts are then submitted as follows:

- by 31 December – to ESFA
- by 31 January – published on Trust website
- by 31 May – to Companies House

The Trust is responsible for filing annual accounts with the DfE, Companies House and Teacher Pensions.

- The Board of Trustees must appoint an independent auditor to prepare the annual accounts. The appointment should be minuted at the Audit Committee and Board of Trustees' meetings.
- The accounts are prepared in accordance with Statement of Recommended Practice (SORP) for charities.
- The annual accounts must be sent to the DfE by 31st December following the end of the Trust year in August.
- The annual accounts must be filed at company's house 9 months after the end of the accounting period i.e. 31st May each year (21 months after incorporation for the first return i.e. 31st March).
- The Auditors will attend the Board of Trustees' meeting before the end of December to present the accounts before submitting them to the DfE.
- Teacher Pensions must be audited by the appointed auditors and returned to Teacher Pensions by 30th April each year. Payroll under the SLA will prepare detail for the End of Year Certificate prior to the audit.
- The Annual Accounts Return (AAR) must be sent to the EFA in the prescribed format by 31st January each year.
- The Annual Budget Forecast must be sent to the EFA in the prescribed format by 31st July each year.

Value for money statement

As part of the annual accounts, the trust must include 3 focussed examples of value for money.

The Director of Finance and Business is responsible for collating the examples which are then confirmed by the Resources committee.

Audit arrangements

External auditors must be appointed in accordance with the Academies Financial Handbook.

The Director of Finance and Business is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

Work undertaken during accounting period

The Director of Finance and Business is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:

- reviewing the structure of the trial balance
- maintaining a fixed asset register
- monthly depreciation charges
- maintaining income and expenditure records (including filing of invoices)
- reviewing aged debtors for any provisions required
- maintaining a record of governors/trustees interests, related and connected party transactions
- control account reconciliations (bank, wages, debtors, creditors)
- maintaining a record of meeting attendance
- Monitoring & reporting to the Accounting Officer and Board of Trustees

Work undertaken for the year end

The Director of Finance and Business with support from the Finance Officer is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- stock take and including of year end stock value
- prepayments for IT licenses
- prepayments or accruals for grant income
- control account reconciliations (bank, wages, debtors, creditors)
- close down of the purchase ledgers
- close down of the Sales ledgers and aged debtors
- pension valuations
- pension Audit

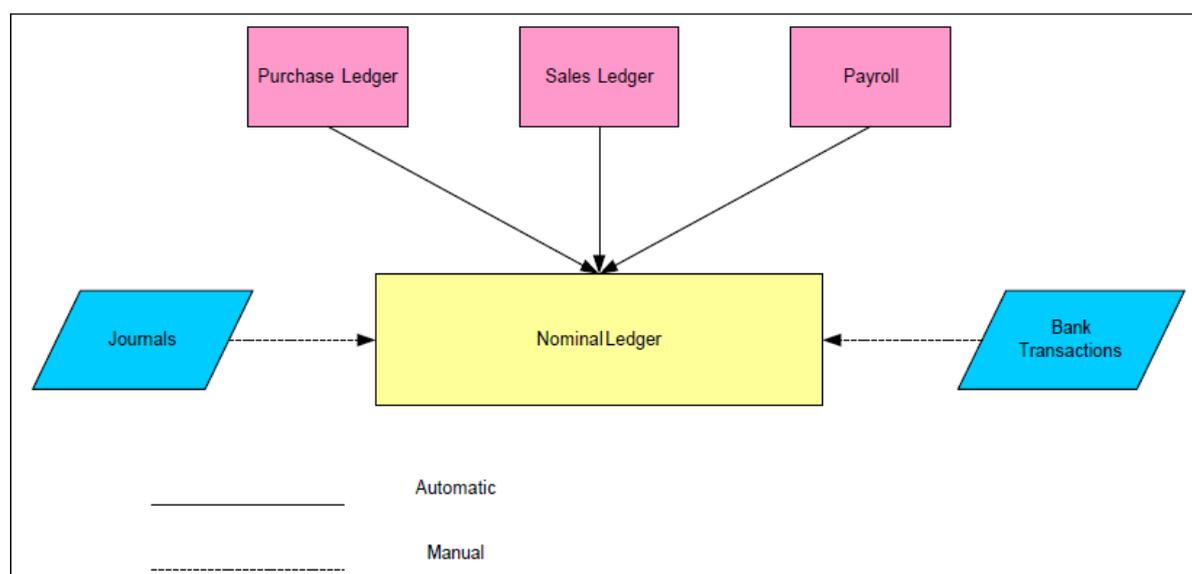
Document retention

Documents are retained for the following amount of time:

- Finance records – current year plus preceding 6 years
- Supply cover insurance – current year plus preceding 6 years
- Payroll and travel records – current year plus preceding 6 years
- Personnel records – 5 years after an employee has left
- All student files until the student reaches the age of 21

Civica Accounting system

All the financial transactions of the Trust must be recorded on the accounting package accounting system. The accounting package system is operated by the Finance Department and consists of:



System Access

Entry to the Civica accounting package system is password restricted and the Director of Finance and Business is responsible for implementing a system which ensures that passwords are issued to users. Access to the component parts of the system can also be restricted and the Director of Finance and Business is responsible for setting access levels for all members of staff using the system.

The accounting system is set up and monitored as follows:

1. Each user has a unique user name and password;
2. Each user is assigned access levels to the accounting software based on their requirements and responsibilities;
3. Passwords should be changed on a regular basis and at no less than 3 monthly intervals.

Back-up Procedures

Back-up copies from the accounting system are taken automatically on a daily basis, by means of a hosted service by Civica UK.

A hard copy of the nominal ledger and audit trail should be printed each month and should be stored separately from the accounting system extracted from the system. The Director of Finance and Business should also prepare 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 the Trustees 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

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All journal entries must be supported by relevant documents and authorised by the Director of Finance and Business prior to being input to the accounting system. Bank transactions should be input by the Finance Officer and the input should be checked, and signed to evidence this check, by the Director of Finance and Business. Detailed information on the operation of the accounting package system can be found in the electronic user manuals held on the shared staff drive or printed out versions a copy of which can be found in the Finance office.

Transaction Reports

The Director of Finance and Business will obtain and review system reports to ensure that only approved transactions are posted to the accounting system. The report obtained and reviewed will include:

- the weekly audit trail reports;
- Management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

The Trust Finance Officer 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;
- all suspense accounts; and
- bank balance per the nominal ledger to the bank statement.

Any unusual or long outstanding reconciling items must be brought to the attention of the Director of Finance and Business. The Director of Finance and Business will review and sign all reconciliations as evidence of review.

Financial Planning

The Trust prepares both medium term and short-term financial plans.

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 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.

The development planning process and the budgetary process are described in more detail below.

Development Plan

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. 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 DFE.

Each year Headteachers 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?”

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Headteacher. The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured. For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a Trust manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior leadership team on a quarterly basis. The senior leadership team will report to the Board of Trustees if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Payroll

The main elements of the payroll system are:

- staff appointments, leavers, changes;
- payroll administration and
- payments

Staff Appointments

The Board of Trustees has approved a personnel establishment for the Trust. Changes can only be made to this establishment with the express approval in the first instance of the Pay, Performance Management and Personnel Committee and the Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint staff within the authorised establishment except for Senior Leadership Team whose appointments must follow consultation with the Trustees for their involvement.

Each Headteacher and the Director of Finance and Business maintains personnel files for all members of staff which include contracts of employment. Annual salary statements are kept for all employees.

The Trust purchases payroll services and personnel services from Shropshire Council under a Service Level Agreement. This arrangement is reviewed annually by the Resources Committee and recommendations are made to the Board of Trustees as part of the budget process. Shropshire payroll services provide a detailed summary for a journal to be raised.

The Headteacher and Pay, Performance Management and Personnel Committee review and agree annually the school's staffing structure in line with the School Improvement Plan.

- The Governing Body has established procedures for the administration of personnel activities, including appointments, terminations and promotions.
- The Headteacher ensures that, where practicable, the duties of authorising appointments, making changes to individuals' conditions or terminating the employment of staff are separated from the duties of processing claims.
- The Headteacher ensures that at least two people are involved in the processes of completing, checking and authorising all documents and claims relating to appointments, terminations of employment and expenses.
- The Trust and each of its schools has sent in the names and specimen signatures of certifying officers to the payroll provider.
- The Headteacher ensures that only authorised employees have access to personnel files and that arrangements for staff to gain access to their own records are in place.
- All payroll transactions are processed through the Shropshire payroll system
- The Director of Finance and Business and Headteachers obtain regular reports on payroll transactions and checks them against the school's documentation on staffing and pay to ensure that they match. Detailed checking takes place to ensure that the right individuals have been paid the right amounts and that the correct budgets have been charged.

Salary advances

The Trust does not award salary advances.

Overtime

Overtime is recorded by the individual and submitted by the payroll deadline timetable each month to the Headteacher or Director of Finance and Business for authorisation, The Finance Lead for each school completes the claim forms and copies of the time sheets in the main office.

Claim forms must not be submitted prior to work having been undertaken.

No payments for work undertaken will be made other than via the payroll system.

Severance payments

The Trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk.

Where the non-contractual element is on or over £50,000 prior approval from ESFA must be sought.

The Accounting Officer must sign off and review each business case.

Ex-gratia payments

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

Purchasing

The Trust and each of its school's achieves best value for money they can from all their purchases, whether goods or services. In this context, value for money is about getting the right quality at the best available price. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account associated costs such as supplies and maintenance

A large proportion of the Trust purchases will be paid for with public funds and therefore the need to maintain the integrity of these funds is followed by applying the following principles:

- 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.
- The school always considers price, quality and fitness for purpose when purchasing goods or services.
- Prior approval for all expenditure above the limit predetermined by Governors as per the Trust's Scheme of Delegation is adhered to.
- Competitive quotations/tenders are to be obtained wherever possible in accordance with the Trusts Procurement and Tendering Policy (Appendix A). Written quotations should be obtained for all expenditure above the limits predetermined by Governors unless it is impracticable to do so. In such circumstances, the reasons for not doing so should be reported to Governors.
- Where a quotation other than the lowest is accepted, the reasons for this decision is reported as per the Procurement and Tendering Policy and is included in the minutes of the relevant meeting but only where the purchase is of significant value.
- All purchases estimated to exceed an the amount set in the Scheme of Delegation must be put out to tender, using a form common to all tenderers, on the basis of a detailed description or specification of the goods or services required and in accordance with the Trust's Procurement and Tendering Policy.
- Contract specifications (e.g. for cleaning, catering and grounds maintenance) define the service to be provided in terms of its nature, quality standards, information and monitoring requirements and contract review procedures.
- The Trust should not enter into any financial agreement with capital implications without the approval of the DfE as appropriate. The Local Authority (LA) has a vested interest in the buildings as landlord and should also be made aware if there is an impact in the physical nature of the premises. If a lease arrangement is entered into, this should represent good value for money and be an 'operating' lease, not a financial lease.
- Official, pre-numbered orders (through the Civica Finance system) are used for all goods and services except utilities, rents, rates and petty cash payments. Verbal orders are kept to a minimum, but if required for reasons of urgency or emergency, they must be confirmed by a written order where practicable.
- Orders are used only for goods and services provided to the school. Individuals must not use official orders to obtain goods or services for their or others' private use.
- All orders must be approved by a member of staff in line with the Trust's Scheme of Delegation. The budget holder will be the 'approver'.

- The approver of the order should be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary.
- When an order is placed, the cost is committed against the appropriate budget allocation so that it features in subsequent budget monitoring.
- The Trust checks goods and services on receipt to ensure they match the order. Scanned invoices are receipted by the Finance department.
- Payment is made within time limits specified in law for the payment of debts and only when a proper (original) invoice has been received, checked, and approved for payment. Supplier payment terms and conditions should be complied with.
- Staff approve invoices for payment as per the Trust's Scheme of Delegation. Where an invoice matches the original order the originator will confirm receipt of goods/service allowing the invoice to be paid. Where there are variances it will go back to the budget holder for approval. For non-order invoices the invoice will be approved by the Budget Holder.
- The Trust Central Finance Team maintains a list of staff authorised to approve invoices for payment.
- All paid invoices are scanned and marked with a system reference number. They are securely stored in number order on file. Copies of invoices are retained for a period of 6 years plus the current financial year.
- The Trust uses Business Charge Cards to further obtain value for money in certain circumstances e.g. internet orders but there are restrictions on its use.
- Payments are made by BACS/ Direct Debit or cheque.

Routine Purchasing

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month. Budget holders will be able to monitor data relating to their own budget areas on a monthly basis via reports from the on line financial information system.

Routine purchases up to £1,000 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Department. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with Director of Finance and Business or the Headteacher. Copies of all quotes must be attached to the order form.

E-procurement

Any department wishing to make a purchase on credit card must complete an official order form in the usual manner and pass this to the School Finance lead, or Admin staff to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder.

Occasionally the credit card is used to purchase small items or to fund Petty Cash, where it is not possible to order this elsewhere. This must be recorded and countersigned by the Budget Holder, Director of Finance and Business or Headteacher

Orders

All orders must be made, or confirmed, in writing using an official order form, stocks of which are held by the Finance Department. Orders must bear the signature of the budget holder and must be forwarded to the Finance Department where the finance lead will check to ensure adequate budgetary provision exists before placing the order.

Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier from the Finance Department

The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the finance lead must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Department should be notified. The Finance Department will keep a central record of all goods returned to suppliers.

All invoices should be sent to the Finance Department. Invoice receipt will be recorded by the Finance Department (and the invoice scanned) into the Financial Information System purchase ledger module). The Finance Department will stamp invoices with a grid against which the following can be evidenced by the budget holder authorising payment:

- invoice arithmetically correct
- invoice posted to purchase ledger
- goods/ services received
- goods/services as ordered
- prices correct
- invoice authorised for payment
- payment authorised
- VAT treated correctly
- payment made

The budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Finance Department. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.

If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.

At the end of each week the Trust Central Finance Department will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the Finance Officer/Director of Finance and Business.

The Finance Department will then input details of payments to be made to the purchase ledger and generate the cheques required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.

BACS payments are input by the Trust Central Finance Team and authorised on-line by two signatories in accordance with the banking policy and procedures (see E-procurement and Payments above).

Orders over £1,000 but less than £9,999

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

Orders over £10,000

All goods/services ordered with a value over £10,000, or for a series of contracts, which in total exceed £10,000, must be subject to formal tendering procedures.

Official Journal of the European Union

Contracts for supplies and services whose values equal or exceed the OJEU are subject to further requirements as per the Public Contracts Regulations 2006. Such contracts require advertisement in the Official Journal of the European Union (OJEU). This is the publication in which all tenders from the public sector that are valued above a certain financial threshold according to EU legislation must be published.

These thresholds are net of VAT. Further advice may be found in the following websites:
www.education.gov.uk/schools/adminandfinance/procurement/b0069810/buying-basics/purchasing/ojeu www.ojec.com/Default.aspx

Goods and services for private use

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

Forms of Tenders

Please refer to the Trust's Tendering Policy (Appendix A)

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

- Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Director of Finance and Business 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 or unacceptable tenders;
 - only one or very few suppliers are available;
 - extreme urgency exists;
 - Additional deliveries by the existing supplier are justified. See Tendering procedures on Section 3.

Income

The main sources of income for the Trust are the grants from the DfE. The receipt of these sums is monitored directly by the Director of Finance and Business who is responsible for ensuring that all grants due to the Trust are collected. The Trust also obtains income from:

- students, mainly for trips; and
 - the public, mainly for lettings and fundraising;
 - sales of uniform and stationery.

The Board of Trustees has established a Charges & Remissions Policy for School trips, music tuition and the supply of other goods or services; which it reviews on an annual basis.

- Records are kept of all income due and received.
- All lettings are authorised by the Headteacher or the Director of Finance and Business within a framework determined by the Board of Trustees and are recorded in a diary or register (refer to school's Lettings Policy).
- The responsibility for identifying sums due to the school is separate from the responsibility for collecting and banking such sums.
- Where invoices are required, they are issued within 30 days.
- The Trust raises official receipts on request.
- Cash and cheques are locked away to safeguard against loss or theft.
- Collections are paid into the appropriate bank account promptly and in full. Bank paying-in slips show clearly the split between cash and cheques and list each cheque individually. The receipt number(s) should also be referenced in the paying in book/sheets when income is banked to provide an effective audit trail between income received and banked.
- Income collections are banked intact and must not be used for the encashment of personal cheques or for making payments.
- The Finance lead reconciles monthly the sums collected with the sums deposited at the bank.
- The Trust has procedures for chasing any invoices, which have not been paid within 30 days.
- Debts are written off only in accordance with the Scheme of Delegation and the Trust keeps a record of all sums written off.
- The Director of Finance and Business ensures that machines taking money are emptied and the cash counted by two people.
- The Director of Finance and Business ensures that transfers of school money between staff are recorded and signed for.
- School procedures (based on HMRC guidance) set out how VAT on income should be accounted for.

Cash Management Bank Accounts

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.

Banking

The Headteacher, Director of Finance and Business and the Board of Trustees ensure that bank accounts are properly administered and controlled.

- The Trust obtains bank statements at least monthly and these are reconciled with their accounting records. Any discrepancies are investigated.
- All bank reconciliations are signed by the person performing the reconciliation. They are also reviewed and countersigned by someone who understands the reconciliation process and is a member of the senior leadership team.
- Staff responsible for undertaking bank reconciliations are not responsible for the processing of receipts for cash income.
- All funds surplus to immediate requirements are invested to optimal effect as approved by the Board of Trustees.
- Individuals should not use their private bank accounts for any payments or receipts related to the Trust's budget or use the Trust's accounts for payment of their personal expenditure or income.
- Trust banks have been advised that they are not allowed to go overdrawn or negotiate overdraft facilities.
- The Trust should not enter into any loan agreements, other than with the prior approval of the DfE.
- All cheques must bear the signatures of two signatories approved by the Board of Trustees.
- Cheques drawn on the account(s) are crossed 'account payee only' to avoid the possibility of improper negotiation of the cheques.
- For cheques manuscript signatures only are used and should not be pre-signed.
- Cheque books are held securely in the Trust's safe when not in use.
- The Director of Finance and Business maintains a list of all bank and building society accounts held and the signatories for each. Trustees approve and review bank account signatories.

ESFA grants

The main sources of income for the academy are the grants from the ESFAs. The receipt of these sums is monitored directly by Director of Finance and Business who is responsible for ensuring that all grants due to the academy are collected.

Other grants

The receipt of these sums is monitored directly by Director of Finance and Business with assistance from the Trust Finance Officer who are responsible for ensuring that all grants due **to Trust schools are collected.**

Trips

A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the school Finance Department.

Students should make payments to the school Finance Department. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

The school Finance Department should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.

Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Principal in advance of the booking being made.

Catering

Payments must be reconciled on a daily basis by Finance lead/administrator to the lunch records and signed as evidence of reconciliation. The school meal numbers and cash totals are then to be entered onto the weekly banking sheet. The cash is kept in the safe prior to weekly collection for banking. The Finance lead/administrator must reconcile the weekly banking sheet to actual receipts banked.

Lettings

The Finance Administrator/lead for each school is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

Details of organisations using the sports facilities will be held by each school's Finance Department who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.

Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually.

Sundry income

Income from other sources (for example educational consultancy) is priced in consultation with Director of Finance and Business/Headteacher. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay in accordance with the agreed Consultants Policy.

Deposits

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

All cheques and other instruments authorising withdrawal from Trust bank accounts must bear the signatures of two of the following authorised signatories:

- Headteacher;
- Director of Finance;

In the absence of one of the above:

- Deputy Headteacher

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Trustees of the Trust.

Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

Authorised signatories must not sign a cheque relating to reimbursed expenses for which they are claiming.

Administration

The Director of Finance and Business 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 Assistant
 - reconciliations are subject to an independent monthly review carried out by the Director of Finance and Business
 - adjustments arising are dealt with promptly.

Petty Cash Account

The Trust maintains maximum cash balance of £250. The cash is administered by the Finance Assistant/lead for each Trust school and is kept in the office safe.

Individual payments are limited to £50 however the Director of Finance and Business may authorise payments above £50 if required.

- The Director of Finance and Business ensures that the petty cash fund is held securely and that only authorised employees have access to it. This is administered by the Finance Assistant/lead and locked in a petty cash tin stored in the safe.
- Payments from the petty cash fund is limited to minor items, individual claim limit £50, which have been approved in advance by an authorised member of staff. Higher amounts can be approved in emergencies.
- All expenditure from the fund must be supported by receipts, identifying any VAT paid. It is signed for by the recipient and the budget holder.
- Records are kept of amounts paid into and taken out of the fund.
- The amount in the petty cash fund is periodically checked against the accounting records and reviewed by the Director of Finance and Business.
- Personal cheques are not cashed from the petty cash fund.

Deposits

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

Payments and Withdrawals

In the interests of security, petty cash payments will be limited to £50. Higher value payments should be made by cheque directly from the main bank account as a cash book payment. Staff expenses including travel, parking and hotel accommodation will only be reimbursed via the payroll.

Administration

The Finance Assistant is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash checks should be undertaken by the Director of Finance and Business to ensure that the cash balance reconciles to supporting documentation.

E-procurement & Payments (Purchasing Card)

The school credit card is used only when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases and to buy refreshments for meeting etc.

The card is kept in the safe and is only used by:

- **Karen Cook, Director of Finance and Business or**
- **Angela Jordan, Finance Officer**

Any Trust school/department wishing to make a purchase on credit card must complete an order form and pass this to the Trust Finance Officer, or Admin staff to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder.

Occasionally the credit card is used to purchase small items or to fund Petty Cash, where it is not possible to order this elsewhere. This must be recorded and countersigned by the Director of Finance and Business.

When the credit card bill arrives there will be a signed order form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A cash book journal is keyed for each entry on the statement.

The credit card bill, along with all the relevant order forms are then given to the Trust Finance Officer who will check the statement which is then checked by a separate member of the Finance team under the segregation of duties who then signs an authorisation sheet. The Director of Finance and Business will then check a sample of the transactions (minimum of 3 or 20% whichever is the maximum), and sign the authorisation sheet. These are then filed away together in the credit card folder, until the end of the financial year, when they will then be transferred to the finance storage box for that year.

It is the Cardholders responsibility to ensure the Purchasing Card is only used for authorised school/Trust purchases.

It is the Cardholders responsibility to notify Lloyds / Administrator immediately of loss or misuse of the Procurement Card.

BACS Payments – Central Team Function

On receipt of an invoice, the budget holder signs the invoice, to signify:

- an official purchase order has been raised for the purchase
- the delivery note has been checked
- the delivery is of correct quantity, quality and price
- it has not been previously paid
- funds are available in the relevant budget
- VAT chargeability on qualifying expenditure is shown

The payment is then prepared and the BACS payment then passed on to two of the cheque signatories who check it to ensure that the bank and sort codes have been correctly entered and approves payment.

Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.

The Admin Team ensures that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Admin Team should request that the individual states his self-employment reference number on any invoice issued to the school.

Investments

Investments are made in accordance with written procedures approved by the Trust Board.

All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Reserves

Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.

The **Executive Headteacher** as Accounting Officer must inform ESFA immediately if a deficit is anticipated.

Capital Reserves

Any overall surpluses at the end of the year are carried over to the following year.

It is the responsibility of Director of Finance and Business with support from the Trust Finance Officer to keep accurate records of the capital funds, especially where grants have been received for capital projects.

Physical Security

Petty cash should be held in a locked cash box which is put in the safe overnight.

Cash Flow Forecasts

The Trust Finance Officer 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 GAG to cover potential cash shortages.

Tax – Central Team Function

The Director of Finance and Business ensures that the school complies with HMRC Value Added Tax (VAT) and other tax regulations e.g. Income Tax. The Trust Finance Officer is responsible for preparing the VAT return on a monthly basis which is authorised by the Director of Finance and Business.

- The Headteacher ensures that all relevant staff are aware of VAT and Income Tax regulations.
- Only proper VAT invoices are paid, as the school will not be reimbursed in the absence of such documentation.
- The Trust follows VAT processes set out by HMRC when reclaiming VAT.
- Trust procedures set out how VAT on business activities, school trips and other taxable activities should be accounted for.

Voluntary Funds

Voluntary funds e.g. donations from parents, pupils and other benefactors are not public money. This section only applies to voluntary funds that belong to the school and no other organisations that have a connection with the school such as the PTA.

- The Director of Finance and Business ensures that voluntary funds are accounted for separately from the school's delegated budget and are held in a separate bank account.
- The Resources Committee oversees the funds and this is reflected in the terms of reference of the Resources Committee.
- The Governors' appoint an auditor who is independent of the Trust
- The Director of Finance and Business ensures that the same standards of financial accounting which apply to income and expenditure for the Academies delegated budget are applied to the voluntary funds.
- Any income which properly relates to the Trust's delegated budget should not be credited to a voluntary fund.
- The Headteacher presents the audited accounts (currently combined with the main budget account audit) to the Board of Trustees at the end of the accounting year. These accounts must be submitted to the EFA by 31st December. Trustees will review voluntary fund accounts during the year at an appropriate Resources Committee.
- The Headteacher ensures that the audited accounts and supporting documentation are available for inspection by other organisations on request.
- The Director of Finance and Business ensures that every cheque drawn against a voluntary fund bank account is signed by two signatories authorised by the Board of Trustees.
- Any voluntary fund income is paid into the relevant bank account at least once a month.
- Receipts are issued for any significant donations or income entering voluntary funds on request. For trips separate payment records are kept and signed for by parents or pupils.
- The school will cover all its costs in relation to trips and other chargeable activities unless it has been agreed otherwise by the Headteacher.
- The Director of Finance and Business ensures that regular reconciliations between the accounting records and bank statements are undertaken and independently reviewed.
- The Board of Trustees ensures that voluntary funds are covered by insurance.

Investments

See Investment Policy (Appendix C).

Fixed Assets

Assets and Security

Asset register

All items purchased with a value over £1000 must be entered onto the Trust's asset register. In addition room valuations will be entered as a fixed asset total where considered appropriate e.g. expensive furniture or ICT suite. These items are entered on the financial system for valuation and depreciation purposes. Separate inventories are maintained where appropriate for items of equipment with a replacement value less than £500 but are considered desirable e.g. computer hardware. Such items are identified as Trust property with a security marking.

The asset 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 DFE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

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

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.

- Separate inventories are maintained where appropriate for items of equipment with a replacement value less than £500 but are considered desirable e.g. computer hardware. Such items are identified as Trust property with a security marking.
- The Director of Finance and Business ensures that all assets are secured as practicably as possible by using locked stores, rooms and other locking devices. All valuable items are security marked.
- Whenever school property, for example musical instruments or computers, is taken off the Trust site it is recorded.
- The Board of Trustees authorises write-offs and disposals of surplus stocks and equipment as per the details contained in the Trust's Scheme of Delegation.
- Safes and similar deposits are kept locked and the keys removed and held in a different location by approved key holders.

Disposal of Items

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Director of Finance and Business and, where significant, should be sold following competitive tender.

The Trust must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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.

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 DfE a proportion of the sale proceeds.

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

Loan of Assets

Items of Trust property must not be removed from Trust premises without the authority of the Headteacher or Director of Business and Finance.

A record of the loan must be recorded in a loan book and booked back in to the Trust when it is returned. 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.

Insurance

The Executive Headteacher and Board of Trustees regularly consider risks and take out insurance protection as appropriate in line with DfE guidelines.

- The Trust reviews all risks annually to ensure that the sums insured are commensurate with the risks.
- The Trust can enter into the ESFA Risk Pooling Arrangement (RPA) or alternatively insurance tendering must go through the Crown Purchasing Consortium (CPC) which is affiliated to the DfE and secures best value. Note the RPA does not currently cover foreign travel, engineering and minibuses and therefore separate insurance policies will need to be taken out for these.
- The Board of Trustees decides exactly which areas to insure (set around the guidelines). Insurance currently covers public liability, employer's liability, professional indemnity liability, buildings and contents, business interruption, money, fidelity guarantee, legal expenses, travel, engineering and minibus.
- The Trust will notify its insurers, currently RPA and Marsh Insurance of all new risks, property, equipment and vehicles which require insurance or of any other alteration affecting existing insurance.

Budget holders must ensure all valuables are kept under lock and key when not being used in a supervised manner.

The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

- The Trust does not give any indemnity to a third party without the written consent of its insurers.
- The Trust will immediately inform its insurers of all accidents, losses and other incidents that may give rise to an insurance claim.
- Insurance arrangements cover the use of Trust property, for example musical instruments or computers, when off the premises. Staff are advised that equipment is not insured if left unattended in a car.
- More detail on insurance policies is available from the Director of Finance and Business.

Governors/Trustees Expenses

All governors/Trustees of BAST are entitled to claim the actual costs, which they incur as follows:

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

The Governing Body acknowledges that:

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

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

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

Gifts

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

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

Energy Management

Each school's site caretaking team are responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Meters should be check before authorising any invoices from the utilities providers. Any discrepancies or unusual reading should be raised with either the Headteacher or Director of Finance or Business immediately.

The site caretaking team ensures that the school's heating system is operated and run as efficiently as possible.

The Director of Finance/Headteacher ensures that the school is purchasing energy at the most competitive prices available.

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

Fraud

The trust does not tolerate fraud. Where instances of fraud are found the Executive Headteacher/Director of Finance and Business will notify the ESFA.

Whistleblowing

Please refer to Bridgnorth Area Schools' Trust Whistleblowing Policy.

VAT 126 form – Central Team Function

The Trust Finance Officer is responsible for preparing the VAT 126 form per month which is reviewed and approved by the Director of Finance and Business.

Data Security

The Trust relies on computers to process and record personal, financial and other management data. Most of the controls in this section cover access to data held on computers. Refer to the school's ICT Policy.

- Computer systems used for Trust management are protected by password security to ensure that only authorised employees have access. Passwords are changed regularly and updated for staff changes.
- The Director of Finance and Business ensures that data is backed up regularly and that all back-ups are securely held.
- The Headteacher and Director of Finance and Business has established a recovery plan to ensure continuity of financial administration in the case of emergency.
- The Headteacher ensures that systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software is used.
- The Board of Trustees ensures that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998 and that the school's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with this legislation.

Charging and Remissions Policy

Please refer to the Charging and Remissions policy – Appendix B.

Financial Limits of Delegated Authority

Please refer to the Scheme of Delegation – Appendix D.

Lettings Policy

Please refer to the Letting Procedures document – Appendix E.

Reporting Requirements for Governors, ESFA and Teacher Pensions

	Information	Frequency	Deadline
1	Actual and Indicative Budget allocations from the ESFA	Annual	With 6
2	Additional funds from ESFA throughout the year	As appropriate	With 6
3	Devolved Capital formula allocations	Annual	With 6
4	Other allocations and grant claims	As appropriate	With 6
5	Budget Plan for approval	Annual	Finance Committee June Full Governors ratify September
6	Budget monitoring statement for public funds from Civica showing budget, actual to date including commitments, % received/spent to date, forecast and previous year spend. (Governors may review and amend this report format periodically).	Quarterly	At each meeting
7	Cash Flow Statement	On request	At relevant meeting
8	Capital spend (included in budget monitoring statement)	Quarterly	With 6
9	Forward projections (minimum 3 years)	Annual	At relevant meeting
10	Annual audited accounts	Annual	Before 31 st December
11	Financial Benchmarking	On request	At relevant meeting
12	School Fund Accounts	Annually	At relevant meeting

ESFA / Teacher Pensions

	Information	Frequency	Deadline
1	Annual audited accounts by appointed Accountants.	Annual	31 st December
2	Annual Accounts Return	Annual	31 st January
3	Teacher Pensions Audit	Annual	30 th April
4	Budget Forecast	Annual	31 st July

APPENDICES

Appendix A - Procurement and Tendering Policy

Appendix B - Charging and Remissions Policy

Appendix C - Investment Policy

Appendix D - Scheme of Delegation

Appendix E - Lettings Policy

Appendix F - Reporting Requirements for Trustees, ESFA and Teacher Pensions