



**BEACON EDUCATION**  
AMBITION RESPECT EXCELLENCE

**Beacon Education MAT**  
**FINANCIAL REGULATIONS POLICY AND PROCEDURES**  
**2022/23**

**Adopted by the Trust Board on: 31<sup>st</sup> November 2022**

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## GENERAL

The Trust Board adopts the respective responsibilities of the ESFA and Academy Trusts, as outlined in the Academy Trust 2022 Academy Trust Handbook (ATH)

In accordance with the Academy Trust Handbook and Education Skills & Funding Agency (ESFA) updates, the Trust Board of Beacon Education MAT recognises the need to lay down formally a policy for the overall management of the Trust budget and the day-to-day management of the Trust's financial affairs. This policy should be considered alongside the BE Scheme of Delegation

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, regularity 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 (ESFA).

The Trust must comply with the principles of financial control outlined in the academies guidance published by the ESFA, the BE Scheme of Delegation, and the Charity Commission SORP. This manual expands on that and provides detailed information on the academy's accounting procedures and systems. This manual should be read by all trustees, staff and governors involved with financial procedures and it should be readily available.

The general conditions that follow are subject to annual review and consideration by the Trust Board, who must formally minute both the review and any subsequent amendments and approval each year.

This manual serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming this financial regulation manual

## ORGANISATION

BE has the responsibility for the regularity and propriety and value for money. The main Trust Board's responsibilities are set out in the master funding agreement and are:

- Ensuring that the grant from the ESFA is used only for the purposes intended
- Ensuring that funds from sponsors are received according to the Trust's Funding Agreement, and are used only for the purposes intended
- Approval of the annual budget
- Appointment of the Chief Executive Officer (CEO) and the Chief Operations Officer (COO)
- Approval of the Trust's Financial Regulations
- Approval of the Annual Accounts
- Approval of trustees' Annual Report
- Appointment of member academy's Headteachers

In line with the Scheme of Delegation the Trust Board has responsibility for overseeing financial probity:

**Policies and Procedures:** Trustees shall determine the Financial and Accounting Policies including the Financial Scheme of Delegation, of the Trust in line with the Academy Trust Handbook, the Public Procurement Rules and the Nolan Principles.

**Audit:** Trustees shall satisfy themselves that those Financial and Accounting Policies are complied with by carrying out internal audits of financial transactions throughout the year and by liaison with the external auditors appointed by the Members. BE will retender their external audit contract at least every five years.

**Reporting and Improvement:** Trustees shall ensure that any suggested improvements identified in the course of internal or external audits are adopted as soon as reasonably practicable and reflected in revised Policies and Procedures.

The Trust agrees the mechanism for recharges to be made to individual academies on an annual basis and its CEO liaises with school leaders to prioritise support to academies.

The Trust Board will ensure that it has adequate insurance cover. The Trust should determine its own level of cover but should include buildings and contents, business continuity, employers and public liability and any cover required for motor vehicles.

The Trust Board, as advised by Trust accountants will ensure that the Trust is maintained as a going concern.

**Robust Governance:** Trustees apply the highest standards of conduct and ensure robust governance, as these are critical for effective financial management. They follow the Governance Handbook, which describes the following features of effective governance and will aid compliance with the Academy Trust Handbook:

- Strategic leadership that sets and champions vision, ethos and strategy
- Accountability that drives up educational standards and financial performance
- People with the right skills, experience, qualities and capacity

- Structures that reinforce clearly defined roles and responsibilities
- Compliance with statutory and contractual requirements
- Evaluation of governance to monitor and improve its quality and impact
- Annual reviews and compliance with the ESFA's "MUSTs" for Chairs & Trustees

**Finance, Audit & Risk Committee (FAR):** The duties of the Trust Finance, Audit and Risk Committee are as set out in its terms of reference

**Chief Executive Officer (CEO):** Shall act as 'Accounting Officer' and will act in line with the Academy Trust Handbook.

**Chief Operations Officer (COO):** Will play both a technical and leadership role and will act as the Chief Financial Officer role laid out in the Academy Trust Handbook section 1.45 onwards.

**Headteacher:** Duties are in line with the Trust Scheme of Delegation

**Finance Staff:** Duties are in line with the Trust Scheme of Delegation

**Executive Pay:** The Board of Trustees ensures that its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding their remuneration.

The Trust Board discharges its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, in line with the Academy Trust Handbook. This includes publishing number of employees whose benefits exceeded £100k.

**Register of Trustees' and Senior Staff Business Interests:**

- The Trust shall maintain an up-to-date register of business and other interests of its Trustees, including any other Directorships, Trusteeships, employment, partnerships (including an LLP) any company in which a Trustee is Member or holds more than 1% of shares.
- The Trust may not employ the services of any Trustee, nor any "connected party" as defined in the Academy Trust Handbook except as specifically permitted by the Academy Trust Handbook
- In addition to the register of business interests, all governors and staff must declare interests whenever they are relevant to matters being discussed by the Governing Body/ Trust Board or a committee at each meeting. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting. The opportunity should also be given for Trustees, Governors and Staff to declare previously undeclared interests at every meeting
- All related party transactions will be handled in line with the specific guidance provided in the Academy Trust Handbook

**Whistleblowing:** Please see separate Whistleblowing policy

## **RISK MANAGEMENT**

- The Trust manages risks to ensure its effective operations and it maintains a risk register. The Trust reviews risk at both a school and Trust-wide level

- The Trust has adequate insurance cover in compliance with its legal obligations; it is a member of the academies risk protection arrangement (RPA) and maintains a separate Motor Vehicle insurance policy.
- The Trust has appropriate training in place to defend against acts of cyber-crime and has processes in place to manage any related incidents.
- A business continuity plan needs to be in place at school level which details school-specific risks, and Trust level detailing any risks impacting Trust-wide strategies.

**The Finance, Audit and Risk committee must:**

- Direct the trust's programme of internal scrutiny and ensure that the internal scrutiny is not performed by the Trust's own Accounting Officer, Chief Financial Officer or other members of the leadership or finance teams. Internal scrutiny must be independent and objective.
- Ensure that risks are being addressed appropriately through internal scrutiny
- Report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks

## FINANCIAL PLANNING

**Budget Cycle:**

- Autumn term (Sept – Dec)
  - Implementation of current budget plan
  - Monitoring expenditure and production of monthly management accounts on PSF
  - Audit, reconciliation and closure of previous financial year
- Spring term (Jan – Mar)
  - Monthly monitoring and reviewing of year's budget
  - 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
  - Submission of Budget forecast returns to the ESFA (end of July)

The Trust prepares annual and three-year plans – for individual academies and consolidated plans

The three-year 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 academy and the planned use of those resources for the following year.

**Income:** The Trust considers pupil forecast numbers (with support of Local Authority data alongside local school knowledge, as well as other ESFA grants and Local Authority funding streams.

**Staffing:** In the spring term the CEO, COO and Finance Manager will meet with Heads of individual academies to consider the staffing structures for the next academic year. When the proposed structures have been approved, they will be costed by the Finance Manager.

**Other Expenditure:** The Trust considers a range of areas including priorities within Premises along with IT strategy and other areas of predicted spend.

**Charge for Central Services:** The COO will recommend the mechanism for recharging Trust central costs to the Trust Board. This mechanism and associated recharges will be reviewed and approved by the Trust on an annual basis.

**Academy budget** (excluding central services recharge and staffing costs): The Trust will allocate a budget to individual academies; academy Head teachers will be accountable for these budgets. These budgets will relate to the following expenditure areas:

- Premises (up to an agreed threshold)
- School Development Plan
- Educational consumables
- Staff training
- Pupil Premium, excluding staff salary costs, which are managed at Trust level
- PE Grant
- Funds specifically allocated to individual pupils through individual EHCPs
- Other Grants received for restricted use in school (e.g., Covid Recovery Premium)

**Trust Annual Budget:** The COO is responsible for assimilating the constituent elements as outlined above, and presenting the final overall Trust budget to the Trust Board for approval, by 30<sup>th</sup> June each year. The approved budget must be submitted to the ESFA by 31<sup>st</sup> July.

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 Trust's and Academies' development plan objectives and the budgeted utilisation of resources.

Detailed records will be kept of all information used in preparing the budget and calculations of all costs cross referenced to any assumptions made. Payroll budget planning and monitoring software will form the basis for the staff costs and should represent expected changes in staff and possible outcomes from performance management.

The annual budget will be profiled to facilitate a cash flow estimate for each month.

**Budget Monitoring & Review:** The Finance Manager is responsible for the production of monthly management accounts for the CEO/Chair of Trust/Trust Board. These reports will include narrative which will explain significant variances between budget and actuals. The management accounts set out the Trust's financial performance and position and help ensure that managers take appropriate action to ensure ongoing viability. The management accounts include an income and expenditure account, variation to budget report, cash flows and balance sheet.

Where the Trust Board has concerns about financial performance, it should act quickly ensuring the Trust has adequate financial skills in place.

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. If a budget overspend is forecast, the

Finance Manager will investigate and report any concerns to the CEO, COO and Finance, Audit & Risk Committee

## INCOME

### General:

The main sources of income for the Trust are the grants from the ESFA and from Somerset County Council. 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.

The Trust also obtains income from:

- Students (trips, catering, uniform, kit etc.)
- Nurseries (where not funded hours)
- Partner organisations and other funders
- Other individuals and organisations (lettings etc.)

All income received should be recorded immediately

- Bank: Statements are generated to Finance Officers weekly, from which financial documents are raised in PSF
- Cheque / Cash: See below for process

### Income Collection:

The income collection system is designed to ensure that:

- All income due to the Trust is identified.
- All cash is banked promptly and completely.
- The accounting records and debtors' accounts are properly and promptly updated.

The COO has overall responsibility for the identification and prompt collection of all money due to the Trust and ensures that adequate division of duties exists between staff collecting, transferring, recording and banking income.

### Non-cash Income:

Income is received directly into the bank accounts via a number of channels – daily payments from Family (Nursery income), weekly payments from Bromcom (MCAS income) along with ad-hoc payments from National Savings (nursery / pre-school / BASC income). As well as this there are the regular payments from ESFA and Somerset County Council. Financial documents are raised within the system on a daily / weekly basis, these are reconciled monthly in PSF.

### Cash handling:

The Trust makes every effort to be a cashless environment, however there are some exceptions to this. All cash is recorded by school office on the income collection record, and a receipt issued for all amounts. This is kept in a locked, secure location and passed to the Finance Officer at the earliest opportunity to be stored in a safe. Both parties countersign the income collection record to confirm cash being handed to Finance, a copy of this is left with the school Office. The Finance Officer records all income against specific activities or outstanding sales invoices in PSF (finance system). Monies held on site are insured up to RPA thresholds – currently £5,000 if held in safe.

When income is banked the collection record must be totaled in value in order to provide a clear cross reference to the value entered on the bank paying in slip. The bank paying-in slip number should then be

entered onto the income collection record to assist in providing a clear and simple audit trail.

When banking money received (either cash or cheques) the bank paying-in slips will be completed in full, clearly showing the split between cash and cheques, and each cheque will be listed separately.

Income should not normally be collected by teachers, and in no instance without prior consultation with the Trust Finance Manager to ensure that adequate controls are in place.

#### **Trips & Clubs:**

Details and costings (including payments schedules where appropriate) are posted onto Bromcom My Child at School portal (MCAS). Trip Leaders are responsible for completing the trips costings schedule (to include e.g., cost of travel, accommodation etc.); Finance Manager can support with this process.

Families should make payments using MCAS, Trip Income reports showing the amount paid and the amount outstanding are managed by school office staff. The school are responsible for chasing outstanding debt.

#### **Catering:**

- First Schools – non-UIFSM / FSM parents' book and pay for meals directly via MCAS
- Middle Schools – non-FSM parents top up child cashless catering accounts via MCAS
- School Office staff are responsible for chasing debts

**Lettings:** See separate Letting's policy

#### **Sales Invoicing:**

Schools / Pre-Schools -

- Customers should be informed of cost of service/supply and payment due dates in writing, prior to supply of service
- Invoice should be issued either prior to supply (pre-school fees and lettings) or immediately after supply/service
- Invoices should show:
  - An identifying number and date (run consecutively)
  - Date supplied
  - Academy's name and address and Trust's bank details to enable payment by BACS
  - The customer's name and address
  - The type of supply, i.e., nursery fees, sale, rental, catering etc.
  - Description to identify goods or services supplied
  - Quantity and amount payable (excluding VAT) for each description
  - Total amount payable (excluding VAT)
  - Rate of any cash discount offered
  - Date invoice due
- Invoices are processed through the PSF system; the system will automatically post them into the Sales Ledger account.

Nurseries –

- All income is managed through Famly. Monthly sales invoices are raised by the Nursery Finance Officer, based on schedules input by Nursery Managers.
- Trust receives daily payments from Famly, for which PSF documents are raised to credit the relevant setting
- All debt management is handled through Famly by the Nursery Finance Officer
- A monthly journal is posted to recognise the unpaid income held in Famly, in PSF



**Debt Management:**

- Finance Officers are responsible for day-to-day chasing of debts
- Finance Manager reviews both Nursery debts, and School debts on a monthly basis to proactively manage aged debts and support with escalations as required
- Debt reports are provided monthly to Trustees
- Debt write-offs are handled in line with Scheme of Delegation

**Income Recording and Reconciliation:**

- Income is recorded on the Trust's financial management system promptly ensuring the correct VAT treatment is applied.
- Reconciliation of income is carried out on a monthly basis by the Trust Finance Manager, ensuring that all income received has been banked.
- Independent checks are made by the COO to ensure that all income expected has been recorded, banked and received. Income is reviewed against budget on a monthly basis. Monitoring reports are signed off by the COO.
- All income records e.g., record sheets, receipts, credit advice slips etc., are kept for the current year plus the previous six years.

## PAYROLL

**Payroll Administration:**

The Trust purchases payroll services from Somerset County Council. The Trust employs a Payroll Officer with specific responsibilities for the monthly preparation of payroll data across all Trust settings. The monthly payroll is checked and signed off by the COO before being approved to SCC for payment via BACS transfer. All transactions are reconciled to the bank by the Trust Finance Manager.

Payroll data is protected through secure on-line access, robust encryption, systems back up and disaster recovery guarantees.

Contract variations e.g., overtime claims are logged by employees directly into the HR online portal and authorised by Line Managers.

Payroll transactions are processed only through the payroll system. Segregation of duties are in place to ensure that input and submission is carried out by the Payroll Officer; checking and scrutiny are carried out by the HR Officer and final approval by the COO.

The Trust has established procedures for the administration of personnel activities, including appointments, terminations and contract changes. The HR & Payroll Officers maintain personnel files for all members of staff which include contracts of employment. Information necessary to maintain records of service for Superannuation, National Insurance and Income Tax is kept secure for seven years, with only authorised staff allowed access to personnel records. New payroll files can only be created by the Payroll Officer and are spot checked by the COO. All new appointments and contract changes are authorised by the Finance Manager, COO and CEO.

All staff are paid monthly by BACS transfer, processed by Somerset County Council.

### **Salary Payments:**

The Payroll Officer provides SCC with details of contract changes and overtime/supply payments. The Payroll Officer checks the SCC payroll report for new starters, leavers, exceptions and errors. The HR Office completes detailed checks on a sample of employees. The COO checks and authorises the final payroll file.

All salary payments are made on our behalf via BACS, by SCC. SCC calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised by SCC and payments requests for these amounts are authorised for payment by the COO by the due date.

After the payroll has been processed the Finance Manager posts the relevant documents into PSF and reviews and reconciles the Payroll Control Account monthly to ensure that correct amounts have been posted.

The COO ensures that monthly payroll reconciliations are carried out to ensure that salary payments as calculated on the Trust's HR and Budget software match payments actually made.

### **Staff Appointments:**

Trustees approve the staffing establishment for each academy as part of the budget setting process, in line with Scheme of Delegation. The CEO and COO have authority to appoint staff within the authorised establishment except for the posts of CEO, COO and Governance Professional to the Board of Trustees, whose appointments are made by The Trust

## **PURCHASING**

It is the responsibility of the COO to ensure that key financial duties are properly separated between individuals. Functions to be separated between staff will include:

- Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee.
- Authorisation – the authorisation of transaction such as a purchase order and the payment.
- Payment – the raising of cheques / BACS and cheque / BACS signatories.
- Custody – the holding of goods and services.
- Recording – the completion of the accounting records
- Post transaction management checking – reviewing previous transactions to identify errors or intentional manipulation

Trustees are aware of the need for segregation of financial duties, and these are set out in the Scheme of Delegation, where, due to the small size of individual academies, there are insufficient staff to separately perform these tasks the COO will put in place extra additional checks and controls.

The Trust aims to achieve Best Value from all of its purchases. Best Value in this context means procuring what is required in the correct quantity, quality and time at the best price possible. Although price is not always the overriding factor in deciding which suppliers to use it is an important one. BE will take account of EFSA guidance on planning and running an efficient procurement process, and uses government frameworks where possible to support this aim

A substantial proportion of purchases which the Trust makes will be paid for with public funds and it will maintain the integrity of these funds by following the general principles of probity, accountability and fairness.

**Procedures for ordering services / resources:**

- Staff to complete a requisition sheet or an electronic requisition on PSF, including supplier's name, code, and description of product, cost and number of items required. If you are unsure of which suppliers to use, please contact the school administrator for assistance.
- Orders must be in line with the Development Plan and there must be sufficient money in the relevant budget to cover the cost of the proposed purchase.
- The school will only order items for school use, all items officially ordered belong to the school.
- The member of staff responsible for authorising expenditure from the relevant department/budget must approve and sign the requisition form or electronically authorise on PSF.
- Approved requisition forms to be passed to the Finance Officer processing.
- The school will check prices, terms and conditions and delivery date. It is the duty of the Finance Officer to ensure that best prices are obtained.
- The order will be entered on to the finance system and produce a printed order, with an official order number
- Only an authorised person can sign/electronically authorise the order, in line with the scheme of delegation.
- The Trust Finance Officer may only place the order with the supplier after the purchase order is fully approved.

**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 funds available are not overspent.

The Trust Finance Team should advise budget holders if an order does not seem to represent best value; admin colleagues also assist with procurement.

Official orders are raised on Trust's Financial Management System by the Trust Finance team, Budget holders can authorise a team member to raise requisitions, but these must be authorised by the budget holder before being transmitted to the Trust Finance Officer for the order to be raised. Alternatively, budget holders can raise hard copy requisitions. Outstanding orders are reviewed on a monthly basis and cancelled or followed up as necessary.

Orders may not, and must not, be raised on behalf of, or for the benefit of, private individuals or organisations.

Telephone orders are discouraged; but if an order has to be placed by telephone, written details are supplied immediately to the Trust Finance Officer to enable a confirmation order to be raised on the Trust's Financial Management System and sent to the supplier.

All delivery notes are checked by a budget holder, to ensure that the goods listed have been "received". Checks are evidenced in writing; the delivery note must then be passed to the Trust Finance Team for recording onto PSF

Delivery notes are checked to the order and any discrepancies, defects or deficiencies are followed up by the Trust Finance Team, who keeps a record of all goods returned to suppliers.

**Quotation Process:**

Value up to £5000	Minimum of one written quotation required
Value over £5000 * less than £25000	3 written quotations obtained. Where this is not feasible (e.g., non-response / time-sensitive) the COO has authority to proceed, this is presented and minuted at the next FAR Committee meeting.
Value over £25000	3 written quotations / tenders obtained before proceeding. All orders over this value are presented and minuted at the next FAR Committee meeting
Supplies & Contracts over UK Threshold	Follows the UK Gov tendering process

The above thresholds are a minimum requirement. The Finance Team will make every effort to always achieve best value, utilising national government procurement services where appropriate.

**Payment of Invoices:**

Where goods are supplied by a supplier registered for VAT, a valid VAT invoice is obtained. All invoices, regardless of addressee, are passed to the Finance Office for processing.

Payments to individuals (other than some CIT contractors) who supply goods or services to the school (e.g., visiting lecturers, performances etc.) are made via the payroll system.

**Approval Thresholds:**

Caretaker	Up to £100 without Headteacher approval, managed on a local basis. Headteacher approves all Purchase Orders within PSF
Headteacher	Up to £500 within PSF to support with budget control, Finance Manager has approval for orders over this value
Finance Manager	Up to £20,000
COO	£20,000 +

**Invoice Processing:**

- Invoices must relate to official orders. If this is not the case, they should not be paid. Where an invoice arrives that does not relate to a purchase order this will need to be authorised by the Trust Finance Manager or COO and entered as a non-purchase order invoice.
- Purchase invoices should be matched against a delivery note in PSF
- Invoices must be checked for accuracy
- Segregation of duties must be maintained
- Only authorised staff should carry out the payment process
- VAT regulations must be complied with (where applicable)
- Finance staff must be aware of HMRC regulations

**BACS Pay Runs**

- COO generates a BACS file from PSF, comprised of approved supplier invoice documents and staff expense documents, both of which have been entered by Finance Office

- COO and Finance Manager jointly review all proposed supplier payments
- Finance Manager uploads the BACS file to Lloyds Bank Commercial
- COO checks value on the payment screen, before Finance Manager approves within Lloyds portal

**Payment by Business Charge Card:** The CEO, COO, Trust Finance Manager, 2 x Finance Officers and 2 x Nursery Managers each hold a Business Charge Card. Use of the cards is normally restricted to transactions which can only be carried out on-line, although there are exceptions to this rule, and hard copy records are retained for all card transactions. The card statements are checked each month against the transaction records by the Trust Finance Manager. The below matrix breaks down the overall “approver” on a monthly basis

Card Owner	Credit Limit	Statement Approver
CEO	£5,000	Chair of Trustees
COO	£5,000	CEO
Trust Finance Manager	£5,000	COO
Trust Finance Officer (x2)	£5,000	Finance Manager
Nursery Manager (x2)	£2,000	Finance Manager

**Lease Agreements:** The Trust will follow ESFA guidance and terms laid out in the Academy Trust Handbook when taking out leases. All leases will be approved by the COO / CEO prior to signing.

**Fraud:** The Trust must notify ESFA, as soon as is operationally practical based on its particular circumstances, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year.

## CASH MANAGEMENT

The Trust manages its cash position robustly. It must avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing. It may be required to report on its cash position to ESFA where there are concerns about financial management.

**Bank Accounts:** The opening of all accounts must be authorised by the Trust Audit & Finance Committee 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 the Bank Automated Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control (see Scheme of Delegation)

**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:

- CEO
- COO
- Chair of the Trust Board

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

Bank Account Signatories	Chair of Trustees CEO COO
Bacs Signatories	COO Finance Manager is not a bank account signatory however is authorized by the Trust to process bank payments online. The COO must approve each payment

**Administration:** The COO 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’ cash book.
- Reconciliations are completed by the Trust Finance Manager.
- Reconciliations are subject to an independent review carried out by the COO.
- Adjustments arising are dealt with promptly.

**Cash Flow Forecast:** The COO is responsible for monitoring cash flow and the Finance Manager prepares 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 payments to cover potential cash shortages.

**Investments:** The Trust currently has no investments, an Investment Policy is in development

## ACCOUNTING SYSTEMS

**Data Protection:** The Trust will be registered under the Data Protection Act centrally. This will be renewed annually by the COO.

**Accounting software:**

- All the financial transactions of the Trust must be recorded on the BE financial accounting system: **PS Financials (PSF)**.
- Budgeting will be recorded and managed on the Trust budgeting software system: **Access** – a budget planning tool to support the development of short- and medium-term financial plans, including staffing

**IT Back up and Disaster Recovery Procedures:** The Trust IT Manager is responsible for ensuring a robust and secure backup and recovery of IT data stored within our environment. The 3<sup>rd</sup> Party software companies provide their own backups for financial / budget data in their respective systems.

## INTERNAL CONTROLS AND DELEGATED AUTHORITY

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by Trustees
- Regular reviews by the Finance, Audit and Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The Trust Finance Manager is responsible for producing monthly:

- Management Accounts
- Bank Reconciliations
- Balance Sheet Report
- Control Account Reconciliations
- Payroll Reconciliations
- VAT Return

All of the above are checked and signed off by the COO

The COO/CEO are responsible for implementing and maintaining internal controls across the Trust. These controls are designed to ensure that:

- Any single transaction that ultimately leads to payment requires at least two people to enable it to be actioned – primarily controlled through PSF profiles and segregation of duties e.g., Finance Officer inputs transaction and Budget Holder (Headteacher or Finance Manager) approves transaction
- No payments have been made that could be classed as 'fee payments' to individuals without completing the necessary checks to confirm self-employed status
- Income received by academies can be traced from source to financial system entry and bank statement
- Direct debit and standing order arrangements are appropriate and have been correctly authorised
- Individual staff salary payments are reconciled to the employee's contract on a regular basis
- 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. If a budget overspend is forecast, the Finance Manager will investigate and report any concerns to the CEO, COO and Finance, Audit & Risk Committee
- The Trust will use internal audit to gain some assurance that financial and non-financial controls are in place and appear to be working effectively. An audit programme to test the adequacy of these controls will be approved by the Finance, Audit and Risk Committee.

- Where appropriate, the Trust will contact ESFA for approval of financial transactions above the delegated authority limits – in line with the Academy Trust Handbook
- Where the Trust Board has concerns about financial performance, it should act quickly ensuring the Trust has adequate financial skills in place.

## **INTERNAL SCRUTINY**

The Trust buys in the services of an internal auditor from Somerset County Council, and the findings of the programme of work is made available promptly to the Finance, Audit & Risk Committee

The scheme of work is driven and agreed by the audit committee, in line with the Scheme of Delegation, and informed by the Risk Register. It is reviewed annually, modifying its checks accordingly.

An annual report is provided to Trustees via the FAR Committee, including a tracker to ensure any actions are completed.

## **EXTERNAL AUDIT**

The Trust will prepare the annual report and accounts in line with the guidance in the Academy Trust Handbook during the Autumn Term.

Any actions from the Audit are reported Trustees via the FAR committee and added to a tracker to ensure issues are resolved.

## **FINANCIAL RETURNS**

The COO will be responsible for ensuring that all financial transactions are recorded on the Trust's financial accounting system in accordance with the guidelines issued by the Education Funding and Standards Agency.

The COO will be responsible for ensuring that Value Added Tax (VAT):

- Is correctly accounted for on the Trust's financial accounting system in accordance with ESFA and HMRC requirements
- Is properly and promptly claimed on a monthly basis and supported by relevant system reports and documentation to facilitate HMRC inspection and external audit.

The COO will be responsible for preparing all the financial returns required by the ESFA including Budget Forecast Return, Annual Financial Accounts, and other organisations whose funding is linked to conditions of spending. All returns will be completed in the required timescales.

The annual accounts must be prepared according to the requirements of the Companies Act 2006 and Regulations made under the Act, and applicable United Kingdom accounting standards. Academy Trusts must also prepare their accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (revised) ('the SORP').



The Trust Board is responsible for approving the Trust’s annual accounts and annual report and ensuring the annual accounts are audited and submitted to the ESFA by the required deadlines. Details of all financial information required are as set out in the latest Accounts Direction for the year being reported. The Trust must complete the School Resource Management Self-Assessment Tool and submit the completed checklist to ESFA by the specified annual deadline.

**Retention of Records:** The Trust must retain records to verify provision delivered by it, or its sub-contractors, in relation to the requirements of the Academy Trust handbook, at least six years after the period to which funding relates.

## FIXED ASSETS

All items purchased or donated with a value over the Trust’s capitalisation limit must be entered in the Fixed Asset Register to allow the correct accounting policies to be applied. The De Minimis level is £5,000.

The Trust will act in line with Academy Trust Handbook and other ESFA guidance when disposing of any assets

## ALLOWANCES

**Academy mileage allowances and subsistence claims:** The Academy will reimburse mileage expenses to individuals for business journeys at a rate in accordance with the limitations set out by HM Revenue & Customs.

The claimant is entitled to be notified of this rate in advance of commencing their journey. The claimant must have suitable insurance in place to cover both the vehicle and passengers and that indemnifies against any claim.

A VAT registered fuel receipt must accompany every mileage claim, indicating that duty has been paid on sufficient fuel for the distance covered (approximately 27% of the mileage claimed) in order for the Academy to be able to reclaim VAT.

All expense claims are to be authorised by the claimant’s line manager. The CEO must sign any claims relating to Headteachers and COO. The Chair of the Trust Board must sign any claims relating to the CEO. Receipts or other appropriate evidence of expenditure must be attached to the claim in respect of all purchases, i.e., rail/bus fares or subsistence, any other purchases that may be approved. Rates of subsistence while working away from the normal place of work will be paid up to the rates below and must be supported by receipts whatever the expenditure:

Breakfast	£15
Lunch	£10
Evening Meal	£25

Overnight stays should be at a hotel where the cost does not exceed £120 per night outside London and £150 per night in London. Where this is not possible authorisation should be sought prior to the visit.

The Trust will make payments directly through the Trust bank account rather than via payroll.

Employees and governors can only claim for travel and subsistence reimbursement using Trust claim forms. Travel costs for attendance at interview shall be repaid at cost or at a mileage rate in line with the HMRC mileage rates. Attendance costs at interview will never include flight costs; these must be met by the candidate.

**Trustee and Governor allowances:** The Education (Governors' Allowances) Regulations 2003 provide the legal framework for governing bodies to pay 'out of pocket' expenses to their Governors and Trustees.

Legitimate allowances include travel allowances to meetings or training courses, cost of child-care while attending meetings or / training, cost of photocopying / printing papers for governing body/Trust business. Governors and Trustees will not be paid an attendance allowance or for loss of earnings in the carrying out of their duties.

The Trust will reimburse mileage expenses to Governors and Trustees for journeys at a rate in accordance with the limitations set out by HM Revenue & Customs.

Rates of subsistence will be paid up to the rates below for travel in their duties as a Governor or Trustee and must be supported by receipts. The same conditions apply as those set out for employees above covering mileage and subsistence. Overnight stay should be at a value hotel where the cost does not exceed £120 per night outside London and £150 per night inside London. Where this is not possible authorisation should be sought prior to the visit.

Breakfast	£15
Lunch	£10
Evening Meal	£25

Authorisation of governors' expenses will be by the Chair of the Trust Board. Claims by the Chair of the Trust Board will be authorised by **both** the Vice Chair of the Trust Board and the CEO. Claims for Trustee expenses should be made in writing to the COO with the receipts attached.

## **GIFTS AND HOSPITALITY FROM THIRD PARTIES**

The Trust has a separate Gifts and Hospitality Policy. As a general guideline, business gifts and hospitality should not be accepted by any member of staff, except as provided for below.

The intention of the regulation is to ensure that the Trust can demonstrate that no undue influence has been applied or could be said to have been applied by any supplier or anyone else dealing with the Academy. The Trust should be able to show that all decisions are reached on the basis of value for money and for no other reason. Any consideration of whether or not the principles of this Policy have been breached will be determined by reference to this provision.

Any breach of this Policy could lead to disciplinary action and may constitute gross misconduct.

Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of by:

- Maintaining an unimpeachable standard of honesty and integrity in all their business relationships.
- Complying with the letter and spirit of the law, and contractual obligations, rejecting any business practice that might be deemed improper.
- At all times in their business relationships acting to maintain the interests and good reputation of the Trust.
- Any employee who becomes aware of a breach of policy must report this immediately to his or her manager who will instigate investigations as necessary.
- Any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's impartiality or conflict with the duty owed to the Trust, in any matter relevant to an employee's duties (such as conflicting business interests) should be declared in writing. Any member of staff who is aware of any business dealings conferring personal gain or involving relatives or associates of members of staff must supply details of such transactions for entry into the Register of Business Interests.
- Employees are permitted to accept gifts, rewards or benefits from members of the public or organisations has official contacts with only where they are isolated gifts of a trivial character (such as diaries or calendars). Gifts should not therefore be accepted if they appear to be disproportionately generous or could be construed as an inducement to affect a business decision.
- Where purchased items include a "free gift", such gifts should be either used for Trust business or handed to the Trust to be used at charity raffles etc.
- In relation to conventional hospitality (lunches, outings, tickets for events etc.) provided that it is normal and reasonable in the circumstances they may be accepted. Such invitations should not be accepted where there is no reasonable business justification for doing so, where an invitation is disproportionately generous, or where the invitation could be seen as an inducement to affect a business decision.
- Any hospitality other than of a nominal value (up to £15) or facilities provided during the normal course of business should be reported for an entry in the Register of Business Interests.

#### **Sundry gifts and hospitality for staff members:**

It is customary for small gifts to be purchased by the Trust to show its appreciation for its staff in times of sorrow and celebration. E.g., Funeral of a family member, staff leaving, births and marriages. This should always be kept to a minimum.

Purchasing of such gifts at school level should be relevant, be accompanied by a full receipt and can be up to a maximum of £30 + Delivery. This type of gift should be paid from school generated income and not from public moneys.

Purchase of a gift over £30, should be authorised and minuted by the Governing Body or Trust Board as appropriate.

In line with the Academy Trust Handbook, Trust funds will not be used to purchase alcohol

#### **Gifts & Hospitality Policy and Register:**

The COO is responsible for maintaining a Gifts & Hospitality Register