



## **Exeter Learning Academy Trust Financial Procedures**

The purpose of this manual is to ensure that Exeter Learning Academy Trust (ELAT) maintains and develops systems of financial control conforming to the requirements both of probity and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's funding agreement (FA) with the Department for Education.

Under the Funding Agreement, Exeter Learning Academy Trust (ELAT) must comply with the principles of financial control set out in the Academies' Financial Handbook ('Handbook' or AFH), issued by the Education Funding Agency (EFA). This manual expands on that and provides detailed information on the school's financial procedures. This document should be read by all staff involved with financial systems.

Date of Trust Executive Board approval: 17/07/2017

Signed:

Justin Stone  
Accounting Officer

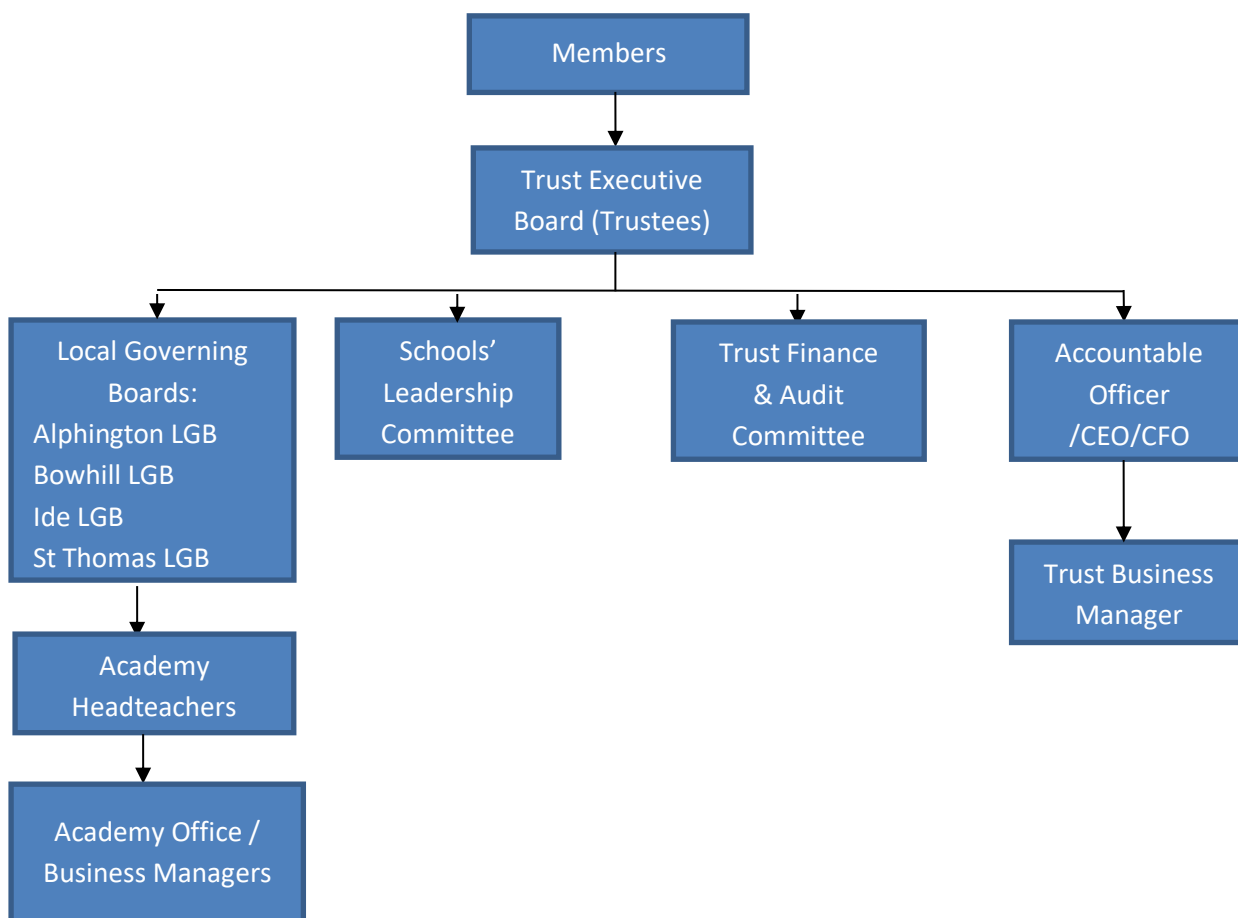
Liam Montgomery  
Chair of Executive Board

Date for review: July 2018

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## 1. Financial Structure and Organisation

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



### 1.2 The Trust Executive Board

As a Charitable Company, the MAT is governed by its appointed Trustees, who are also Directors of the company and form the Trust Executive Board. The Executive Board is responsible for the administration and oversight of all MAT finances. There is also a Finance and Audit Sub-Committee. The Executive Board meets at least once every half term (more frequent meetings are arranged as necessary).

The main responsibilities of the Executive Board are (within the limits of the scheme of delegation):

- To ensure funds received agree with Funding Agreement and are used solely for purpose intended;
- To review and approve the MAT Financial plan, central budget and individual academy budgets;
- To ensure the MAT achieves the best value for money received and receive the annual value for money statement from the AO, to be published on the website by 31<sup>st</sup> January;
- To appoint the external auditors and internal auditors/responsible officer;
- To monitor income and expenditure against budgets using the MAT management accounts
- To review and approve the mandates for operation of bank accounts and credit cards;
- To approve the scheme of delegation, purchase orders, invoices, contracts and operating leases in line with the financial scheme of delegation;
- To authorise formal tenders/contracts within limits and approve tenders over the OJEU limit;
- To approve severance and compensation payments (over £50,000 needs EFA approval);
- To appoint Chief Executive Officer, School Improvement Officer and Business Manager for the MAT;

- Chair of Trust Board to carry out performance appraisals of CEO and SIO.
- To appoint Headteachers of academies in consultation with the local governing body (LGB);
- To ensure appropriate insurance arrangements are in place for the MAT;
- To review and approve accounting policies, financial Procedures and internal controls;
- To ensure the annual accounts are produced in accordance with the requirements of the Companies Act 2006, Charities Act 2011 and the DfE guidance issued to academies;
- To approve virements, disposal of assets and writing off bad debts;
- To authorise changes to the personnel establishment of each academy;
- To assess whether there are any material uncertainties related to events or conditions that cast significant doubt on the ability of the academy to continue as a “going concern” (one year from financial statements being approved).

### **1.3 The Finance and Audit Committee**

- To receive detailed monthly finance reports, received at meetings held at least every half term and make recommendations to the Trust Executive Board;
- To work with internal and external auditors to prioritise areas to audit;
- To act as audit committee for the MAT and review the reports of the Responsible Officer on the effectiveness of the financial procedures and controls;
- To receive audit reports and prepare recommendations following audit to the Trust Board;
- To carry out appraisals of CEO and SIO and recommend remuneration to Trust Executive Board.

### **1.4 The Chief Financial Officer and School Improvement Officer’s financial responsibilities are:**

- CEO to act as Chief Financial Officer (CFO) for the MAT, working closely with the Business Manager.
- To ensure the MAT financial position is managed strategically within the financial control framework determined by the Executive Board;
- To ensure the MAT achieves the best value for money received and prepare the annual value for money statement to be published on the website by 31<sup>st</sup> January;
- To authorise purchase orders, invoices, contracts and letting, virements, quotations and tenders in line with the scheme of delegation;
- To approve writing off bad debts and recommend sale/destruction of items to Executive Board;
- To be an authorised signatory for the MAT bank account and authorise payments in conjunction with another authorised signatory as required;
- CFO to approve the risk register and report to Trust Executive Board;
- CFO to approve a disaster recovery plan in the event of loss of accounting facilities or financial data as part of the Business Continuity Plan, linked to the Risk Register

### **1.5 The MAT Business Manager**

The MAT Business Manager works in close collaboration with the CEO and SIO through whom they are responsible to the Executive Board of Directors. The main responsibilities of the Business Manager are:

- To work closely with the CFO to ensure the financial position is managed strategically in line with the approved financial procedures determined by the Executive Board;
- To ensure all financial matters focus on the needs of the MAT, not any one individual academy;
- To ensure the annual accounts are properly presented and supported by MAT records;
- To ensure financial policies and internal controls are in place across the MAT and work with internal audit to provide assurance to the Trust Executive Board;
- To challenge finance staff to ensure that value for money is routinely obtained;
- To provide financial support to schools converting to academy status and joining the MAT;
- To be an authorised signatory of the MAT bank account;

- To manage the MAT financial position at operational level , have oversight of the accounting system and prepare monthly management accounts in line with the approved financial procedures;
- To authorise orders, invoices, lettings, virements and disposal of assets in line with scheme of delegation;
- To sign cheques, payment runs and other MAT paperwork in line with the scheme of delegation;
- To ensure all financial reconciliations and returns are completed as required, including DfE returns;
- To monitor budgets monthly, reviewing errors, miscodings, unusual items, potential underspend or overspend and act appropriately.
- To ensure VAT is correctly accounted for across the MAT;
- To ensure consolidated accounts figure at Trial Balance stage is reflective of MAT financial position.
- To ensure any budgets delegated to senior staff or departments operate within a similar control regime, i.e., with regard to budget monitoring and reporting;
- To prepare the risk register for approval by CFO;
- To prepare a disaster recovery plan in the event of loss of accounting facilities or financial data as part of the Business Continuity Plan, linked to the Risk Register;
- To submit statutory returns to DfE including the Budget Forecast Return.

The Trust Business Manager is also responsible for the operation of monthly financial support for the MAT.

The main responsibilities are:

- To complete the balance sheet reconciliations for the MAT;
- To ensure cash flow is current and correct for all academies within the MAT at the month end;
- To complete consolidated VAT 126 claims for the MAT and distribute refunds to each academy.
- To check transactions for the month and close down the period for the MAT;
- To ensure monthly pay and on costs for all MAT staff is correct and complete payroll reconciliation;
- To finalise the End of Year Certificate (EYOC) for the Teachers' Pension Scheme, check , balance and organise audit for all academies in the MAT;
- To check transactions for the year end and close down the year end accounts;

### **1.6 Local Governing Bodies**

Each academy has its own Local Governing Body (LGB). The main financial responsibilities of the LGBs are:

- To review the budget for the individual academy and recommend for approval to Executive Board;
- To review the actual income and expenditure against the approved budget for the individual academy and make recommendations to the Executive Board.
- To approve acceptance of quotations and tenders, disposal of assets and writing of bad debts;
- To approve spend within limits and recommend spend over delegated limits to the CEO for approval and monitor virements;
- To recommend use of reserves or an increase in budget to the MAT Business Manager;
- To recommend writing off bad debts over delegated limits to the Trust Business Manager;
- To make recommendations to the Remuneration Committee (part of Finance and Audit Committee) on the appointment, pay and contractual terms of members of the senior Leadership Team in their individual academy;

### **1.7 The Headteacher's Responsibilities**

The Headteacher of each academy has the following financial responsibilities:

- To approve appointment, pay and contractual terms of staff other than the Headteacher.
- To ensure draft budget papers are prepared for consideration of the MAT Executive Board;
- To ensure Action Plan priorities are costed and linked to the academy budget and finance plan;

- To authorise purchase orders, invoices, quotations and contracts for the academy in line with the scheme of delegation;
- To authorise loan and disposal of assets and writing off bad debts to the LGB/Business Manager;
- To approve staff to administer petty cash;
- To authorise payments from the academy bank account with another authorised signatory;
- To act as an authorised signatory for the purposes of certifying appointments, claims etc;
- To make recommendations to the LGB in respect of pay and contractual terms and conditions for staff other than members of the senior leadership team.
- To manage insurance claims at the academy.

### **1.8 The Responsible Officer**

The Responsible Officer (RO) is appointed by the Executive Board and provides independent oversight of the MAT's financial affairs. Their main duties are to provide independent assurance that:

- the financial responsibilities of the Executive Board are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

The Responsible Officer will undertake reviews to ensure financial transactions are properly processed, that controls are operating as laid down by the Executive Board and will report their findings to the Board.

### **1.9 Office/Business Managers for the Academies**

The main responsibilities of the Office/Business Manager for each of the academies in the MAT are:

- To draft financial plans with Headteachers, and with the support of the Trust Business Manager;
- To maintain the accounting records using Capita FMS
- To ensure purchase orders are raised prior to ordering goods/services, wherever possible, and 2 signatures are provided to authorise orders and payments, to aid effective budget monitoring and management;
- To ensure that payments are made to suppliers within agreed terms which are reviewed regularly;
- To ensure monthly completion of bank, petty cash and other reconciliations is adhered to;
- To monitor the budget monthly and provide management reports to the Trust Business Manager;
- To monitor cash flow during the month and liaise with the Trust Business Manager regarding this;
- To ensure proper checks and controls are in place for financial activities in line with the procedures;
- To act as an authorised signatory for signing cheques, certifying employee claims, etc.
- To ensure VAT is correctly accounted for;
- To liaise with Accountants and supply data for preparation of Annual Accounts within timescales.

### **1.10 Other Staff**

**1.10a** Other members of staff in each of the academies in the MAT and budget holders have financial responsibilities for the security of academy property, for avoiding loss or damage, ensuring economy and efficiency in the use of resources and for conformity with the requirements of the financial procedures.

### **1.11 Register of Interests**

**1.11a** Everyone involved in spending public money should demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding, all MAT Directors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the MAT may purchase goods or services. The register is open to public inspection.

**1.11b** The register includes all business interests such as directorships, share holdings or appointments of influence within a business or organisation which may have dealings with the MAT. The disclosures include

business interests of relatives such as a parent, spouse or business partner where influence could be exerted over a governor or member of staff by that person. The existence of a register of business interests does not detract from the duties of Directors and staff to declare interests relevant to matters discussed by the Executive Board. Where an interest is declared, they should not attend that part of any meeting.

## **2. Accounting system**

All the financial transactions of the MAT must be recorded on the FMS Financial accounting system. The FMS system is operated by Scomis through remote access for all academies and the Trust Business Manager. The system is password protected and password changes are enforced routinely by Scomis.

### **2.1 Emergency Procedures and Risk Register**

**2.1a** The Trust Business Manager should prepare a disaster recovery plan in the event of loss of accounting facilities or financial data as part of the Business Continuity Plan for the MAT. This should link in with the Risk Register of the major risks to which the MAT is exposed and the systems that have been put in place to mitigate those risks. The Trust Business Manager is responsible for ensuring there are effective back up procedures for the system. Scomis provide hosted backup servers for the FMS system, which are held remotely and backed up daily.

**2.1b Risk Register:** The Academies Financial Handbook requires that risk management arrangements are in place. A contingency and business continuity plan is required, which is the responsibility of the CFO and which must be approved by the Trust Executive Board.

**2.1c** The Trust Executive Board must agree the main financial risks for the MAT and assess the likelihood of occurrence and materiality of each risk. A risk register is maintained for this which includes the following key financial risks and descriptions of the controls in place to mitigate:

- Overspent budget, caused by weak expenditure or poor budgeting
- Receive less income than budgeted, caused by poor budgeting
- Overspend on capital schemes, through inadequate planning
- Short term cash shortages and long term cash shortages – insufficient reserves
- Improper or irregular use of funds
- Errors in accounts caused by inadequately skilled/experienced finance staff
- Loss caused by lack of security over assets, including cash
- Fraudulent payments to suppliers or staff
- Insufficient insurance cover

### **2.2 Fraud and theft / Segregation of Duties**

**2.2a** The establishment of the effective segregation of duties and controls are designed to minimise risk of fraud and theft. In the event that fraud or theft of any level is identified, Headteachers will report this to the Trust Business Manager and she will report to the CFO. If the amount involved exceeds £5,000 in any one academic year, the EFA must be notified.

**2.2b** The CFO is responsible for ensuring adequate segregation of duties and must annually demonstrate to the Trust Executive Board how this is assured. This shows how duties are segregated and, for each valuable asset category (computers, other fixed assets, stock, cash), how the custody of these assets is segregated from the accounting for them. Segregation of duties is a deterrent to fraud because it requires collusion with another person to perpetrate a fraudulent act. This is included at Appendix 3 on page 26.

### **2.3 Transaction Processing and Reports**

**2.3a** All transactions input to the FMS system must be authorised in accordance with the financial procedures, for each school. The detailed procedures for these and the operation of payroll, the purchase ledger and the sales ledger are included in section 7.9. All journal entries must be documented and

authorised prior to being input to the FMS system. Detailed information guides on the operation of the FMS system are available via the online help system within FMS.

**2.3b** The Trust Business Manager will review system reports to ensure that only regular transactions are posted to the financial system and report to the CFO. This will include monthly reconciliation reports and management accounts summarising expenditure and income against budget.

## **2.4 Reconciliations**

**2.4a** The Trust Business Manager and Office/Business Managers in each Academy are responsible for ensuring the following reconciliations are performed each month for the MAT and all academies, with proper authorisation, and that any reconciling or balancing amounts are cleared:

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- all suspense accounts;
- credit card reconciliation to credit card statement;
- other debtors and creditors;
- accruals and prepayments ;
- 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 Trust Business Manager to review and sign all reconciliations as evidence of her review.

## **3. Financial planning**

The following requirements of the Academies Financial Handbook must be in place:

- Bank accounts, financial systems and financial records must be operated by more than one person (evidenced through at least 2 authorised signatures used to authorise orders and payments)
- Measures must be in place to safeguard assets, to prevent loss or misuse
- Full and accurate accounting records must be maintained
- Annual accounts must be prepared
- There must be a written scheme of financial delegation showing who is responsible for what
- The Trust Executive Board must be satisfied that finance staff are suitably qualified/experienced.

### **3.1 Development Plans**

**3.1a** Both medium term and short-term financial plans are prepared for the MAT and all academies. The medium term financial plans are prepared as part of the development planning process. The development plans are concerned with the future aims and objectives of the MAT and how they are to be achieved; including income and expenditure expectation, pupil led income based on predicted pupil numbers, other income predicted, use of surpluses, assumptions on expenditure, capital expenditure projections and balance sheet projections. The Executive Board will monitor progress against the plans for the MAT and individual academies.

**3.1b** Each year the CEO will propose a planning cycle and timetable to the Executive Board which allows for:

- a review of past activities, aims and objectives
- definition or redefinition of aims and objectives
- development of the plan and associated budgets
- implementation, monitoring and review of the plan
- feedback into the next planning cycle

**3.1c** The timetable will specify deadlines for completion and responsibility for stages (assigned by CEO).



## **3.2 Annual Budgets**

**3.2a** The Trust Business Manager is responsible for preparing and obtaining approval for the annual MAT budget, and for supporting Headteachers and Office/Business Managers with the preparation of budgets. These must be approved by the LGB, CEO and Executive Board.

**3.2b** The approved consolidated budget must be submitted to the DfE by the deadline each year as notified in the Academies Accounts Direction. The Business Manager is responsible for establishing a timetable to allow sufficient time for the approval process and ensure the submission date is met.

**3.2c** The consolidated annual budget will reflect the best estimate of the resources available to the MAT for the year and will detail how those resources are to be utilised. There will be a link between development plan objectives and budgeted utilisation of resources. The planning process will incorporate the following:

- forecasts of likely number of pupils for each academy to estimate amount of DfE grant receivable;
- review of other income sources available to the academy to assess likely level of receipts;
- review of past performance against budget to understand cost base for the MAT and academies;
- identification of potential efficiency savings and review of expenditure in the light of development plan objectives and expected variations in cost e.g. pay increases, inflation and anticipated changes.

## **3.3 Balancing the Budget**

**3.3a** The budget must be balanced, and can take into account carry forward from previous years, with no limit. A comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding across schools, and for the MAT as a whole. If shortfalls are identified, opportunities to increase income will be explored and expenditure headings will 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 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 across schools.

## **3.4 Finalising the Budget**

**3.4a** A consolidated draft budget will be prepared by the Trust Business Manager for approval by the CFO and Executive Board. The budget will be communicated to all staff with responsibility for budget headings so everyone is aware of budgetary constraints. The budget will be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier to take remedial action. The budget is a working document which may need revising throughout the year as circumstances change.

## **3.5 Monitoring and Review**

**3.5a** Monthly reports will be prepared by the Trust Business Manager and Office/Business Managers for all academies and the MAT. The reports will detail actual income and expenditure against budget for budget holders and at a summary level for the CEO and Trust Executive Board. Any potential overspend against the budget must in the first instance be discussed with the CFO. FMS will not allow payments to be made against an overspent budget without the school system administrators approving the changes.

**3.5b** The monitoring process will highlight variances in the budget so differences can be investigated and action taken as appropriate. If an overspend is forecast it may be appropriate to vire money from another budget or from the contingency. Limits for virements are shown in Appendix 1.

## **4. Payroll**

### **4.1 Staff Appointments**

**4.1a** The Executive Board annually approves a personnel establishment for each academy in the MAT. Changes can only be made to this with the Board's express approval after assurance that adequate budgetary provision exists for the changes. LGBs of each academy have the authority to appoint staff within

establishment, following recommendation by the Headteacher. The Headteacher is responsible for personnel files for all members of staff including employment contracts.

## **4.2 Payroll Administration**

**4.2a** The MAT payroll is administered by an external provider; Devon County Council (DCC). Staff members are paid monthly. The payroll system records salary; bank accounts; taxation; personal details, deductions and allowances. Any changes to contracts or personal details will be reported to DCC using Prism forms by 5<sup>th</sup> of the month to take effect that month.

**4.2b** Academy Office/Business Managers check payroll records and liaise with the payroll provider if there are any issues or amendments to be made (including appointments and leavers). All relevant documentation is retained on the personnel file held at the relevant academy. Sickness absence/unpaid leave is recorded in SIMs and uploaded to DCC via the online absence reporting system each month.

## **4.3 Payments**

**4.3a** After the payroll has been processed, a print of salaries by individual, showing the amount payable is provided by DCC payroll to the relevant Academy Office / Business Manager to check the information. Variations can be checked in FMS. All salary payments are made by BACS. All authorised change documents are retained on the personnel files at each Academy.

**4.3c** The payroll system automatically 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 on the gross to net pay print and the external provider pays the amounts due by the due dates on behalf of the academies. The payroll is checked and reconciled to ensure the monthly payovers to HMRC and pension providers are correct for all academies by Office/Business Managers.

**4.3d** The Trust Business Manager will regularly select an employee at random and check the calculation of gross to net pay to ensure the payroll system is operating correctly. Payroll control accounts will also be reviewed regularly to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify amounts posted to the suspense account.

## **5. Purchasing**

**5.1** The MAT needs to ensure all spending is for the purposes intended and that it achieves the best value for money from purchases, ensuring services and resources are received correctly, on time, and at the best possible price. The majority of purchases are paid for with public funds and the integrity of these needs to be maintained by following the general principles of:

- Probity, it must demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
- Accountability, the MAT is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis.

The CFO is responsible for ensuring that a value for money statement is published annually on behalf of the Trust Executive Board in accordance with the requirements of the DfE.

Subject to the Academies Financial Handbook, the Trust must pay no more than 'cost' for goods or services provided by any member or trustee or individual or organisation connected to a member or trustee. Novel or contentious payments or transactions (that the Trust Board has no experience of, are outside normal business, or might give rise to criticism by Parliament, public/media) must be referred to EFA for prior authorisation.

## **5.2 Routine Purchasing Up to a Value of £500**

**5.2a** It is the responsibility of the budget holder (Headteachers in each MAT and CFO) to manage budgets and ensure funds are not overspent. Budgets are set each September. All orders are placed in line with the financial scheme of delegation.

**5.2b** All purchases must be requested via an internal requisition form and authorised in line with the scheme of delegation, requiring 2 authorised signatories. The only exception to using the internal requisition form is for purchases from suppliers who are used regularly (eg catering). These invoices may be paid monthly against a non-order invoice. Goods will be ordered by FMS users in each school and the Business Manager for the MAT. A quote or price should be obtained before any order is placed. The exception is for emergency repair work where the cost would depend on what happens on site. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Headteacher or Trust Business Manager. Communications from suppliers providing details of changes to financial details should be followed up by a telephone call to confirm they are genuine.

**5.2c** Where possible, purchase orders will be raised for all invoices. For utilities and contracts which are ongoing, all schools will raise an order to ensure the correct commitment is added to the finance system. Schools will add a note to purchase orders asking that purchase orders are added to all invoices to ensure correct payment. The purchase orders should be created on FMS by the Office/Business Manager. Orders are authorised as per the scheme of financial delegation for the Academies and the Trust, requiring 2 authorised signatures. These should not be the same 2 signatories who authorised the requisition for the order. The order is then printed and either posted or emailed/faxed to the supplier prior to being filed.

**5.2d** On receipt of goods, the administrator or office/business manager must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between goods delivered and the GRN. Discrepancies should be discussed with the supplier without delay. If any goods are rejected or returned because they are not as ordered or are of sub-standard quality, the Office/Business Manager should be notified. Records should be attached to the purchase request and invoice, and filed by the Office/Business Manager.

**5.2e** All invoices should be sent to the Office/Business Manager to stamp and check and verify that:

- all goods and services have been received (and suppliers informed if not);
- equipment is entered on the correct inventory;
- equipment is security marked;
- invoices are accuracy verified
- discounts are taken;
- the invoice is authorised for payment

**5.2f** Payments will be authorised in line with the scheme of delegation, requiring 2 signatures. The Office/Business Manager attaches relevant paperwork to the invoice and files according to the academy's internal processes.

**5.2g** The Office/Business Manager generates a payment run for payment of those invoices on the purchase ledger due for payment which will be paid by BACS through Lloyds, or occasionally where a supplier is not set up on BACS, by cheque. The Headteacher for academies and CFO for the Trust checks the list generated and confirms all invoices on the payment run are to be paid. The payment run (or cheques) and associated paperwork must be authorised by two of the nominated bank account signatories. Remittance advices and cheques will be dispatched to suppliers by the Business Managers/ Administrators who then place the invoice and supporting documentation in the appropriate file.

### **5.3 Orders over £5000 but less than £10,000**

**5.3a** Where practicable three written quotations should be obtained for all orders in value between £5000 and £9,999 to identify the best source of the goods/services. However, the MAT acknowledges that obtaining quotations is a time consuming and therefore costly, exercise for both the MAT and suppliers. For some services the academies in the MAT have built up excellent working relationships with preferred suppliers who have demonstrated that they provide best value in terms of high quality within an agreed timescale at a competitive price.

**5.3b** Where relevant the MAT and academies use suppliers which have contracts approved by a government procurement service such as Devon Purchasing or the Crescent Purchasing Consortium. Such suppliers have already been vetted by these procurement agencies to ensure they provide good value and they often offer discounts. In some cases preferred suppliers or suppliers with these contracts may be used where it is not practicable to obtain 3 written quotations within the required timeframe.

**5.3c** Written details of quotations obtained should be retained by the Office/Business Managers for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed or e-mailed confirmation of quotes has been received before a purchase decision is made.

### **5.4 Orders over £10,000 and up to £25,000**

**5.4a** Goods/services ordered with a value of £10,000 and over, or for a series of contracts which in total exceed £10,000 are subject to formal tendering procedures. Purchases of goods and services over £173,934 and construction and civil engineering works over £4,348,350 excluding VAT (threshold from 31/01/12) may fall under EU procurement rules which require advertising in the Official Journal of the European Union.

### **5.5 Forms of Tenders and Preparation**

**5.5a** There are three form of tender procedure: open, restricted and negotiated:

- Open Tender - This is the preferred method. All potential suppliers are invited to tender. The budget holder together with the CFO must decide how to advertise for suppliers.
- Restricted Tender - Suppliers are specifically invited to tender. This is appropriate if there is a need to maintain a balance between the contract value and admin costs; only specific suppliers can be expected to meet requirements or costs of open tender are likely to outweigh benefits.
- Negotiated Tender - Terms are negotiated with one or more chosen suppliers. This is appropriate where the above methods have resulted in no acceptable responses, only very few suppliers are available, extreme urgency exists or additional deliveries by an existing supplier are justified.

**5.5b** The MAT will usually invite specific suppliers to tender (restricted tenders) or negotiate tenders with specific suppliers where only one or very few suppliers are available or extreme urgency exists.

**5.5c** The project specification will be prepared including objectives, requirements, technical skills required, after sales service requirements and form of contract. Requirements may be ranked eg mandatory and desirable, and additional marks awarded to suppliers on fulfilment of these to help reach a decision. An advertisement will be placed in a relevant local journal or website and a tender pack put together.

### **5.6 Invitation to Tender**

**5.6a** The tender pack is issued which includes the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;

- terms and conditions of tender and
- form of response.

## **5.7 Aspects to Consider:**

### **5.7a Financial**

Care should be taken to ensure the price is in line with the quality of service provided and the tender price is the total price and that there are no hidden or extra costs. Scope for negotiation should be considered.

### **5.7b Technical/Suitability**

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

### **5.7c Other Considerations**

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may not be able to complete contracts or provide after sales service. It may be appropriate for an accountant/qualified person to examine audited accounts etc.

## **5.8 Invitation to Tender and Procedures**

**5.8a** The invitation to tender should state the date and time by which the completed tender document should be received by the academy or the MAT. Tenders received after the submission deadline should not normally be accepted.

**5.8b** All tenders submitted should be opened at the same time and the tender details should be recorded. The CFO and at least one other appropriate person e.g. the Trust Business Manager or a Headteacher, should be present for the opening of tenders. A separate record should be established to record the names of firms submitting tenders and amount tendered. This must be signed by both people at the opening.

**5.8c** The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process. Where specific expertise is required in evaluating a tender this responsibility may be contracted to an external provider eg architect or insurance specialist. Those involved in making a decision must not accept gifts or hospitality from potential suppliers which could compromise or be seen to compromise their independence.

**5.8d** Full records will be kept of all criteria used for evaluation and for contracts over £39,999 a report will be prepared for the Trust Executive Board highlighting the relevant issues and recommending a decision. Where time is short the CFO may liaise with the Board to approve the recommendation.

**5.8e** Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender. The accepted tender should be the one that is economically most advantageous to the MAT. All parties should then be informed of the decision.

## **5.9 Capital schemes**

**5.9a** Capital schemes can bring with them some risks to the Trust and Academies. Project management procedures must cover all plans and planning consents, VAT recovery, Contractor selection and contract

structure, Project timetable with milestones, Monitoring construction progress/quality assessment, Payment profile and cash flow management (inc VAT) and Final sign off.

## **6. Income**

### **6.1 Sources of Income**

6.1a The main sources of income for the academies in the MAT are grants from the EFA. The receipt of these is monitored by the Trust Business Manager who is responsible for ensuring all grants due are collected. The academies also obtain income from pupils and the public, mainly for trips and lettings.

### **6.2 Trips**

6.2a A lead teacher must be appointed as responsible for each trip. They must complete an activities costing form which must be approved by the Headteacher. Payments are either collected in classes or are made at the Admin Office. The Trip Lead/Admin Office should record details of all students attending and money received/owing on a collection sheet for each trip/activity. Trip leads must provide details to the Admin office. The lead teacher is responsible for checking with the Office regularly and chasing payments.

### **6.3 Lettings**

6.3a The school Office/Business Manager is responsible for maintaining records of lettings of school premises and sports facilities and identifying sums due from each organisation. Payments must be made in advance for the use of facilities, to the school Administration office. The Office/Business Manager is responsible for booking lettings, setting up sales ledger accounts, producing sales invoices, chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

### **6.4 Custody**

All cash and cheques must be kept in the Office/ Business Manager's Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the agreed insurance limits. Monies collected must be banked in their entirety in the appropriate bank account. The Office/ Business Manager is responsible for preparing reconciliations between the sums collected, sums deposited at the bank and sums posted to FMS. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Office/ Business Manager.

## **7. Cash Management**

### **7.1 Bank Accounts**

7.1a The opening of accounts must be authorised by the Executive Board, who agree arrangements on the operation of accounts, including transfers between accounts and arrangements for signing cheques. The operation of systems such as BACS and other electronic transfer of funds are subject to the same controls. All transactions require authorisation by two account signatories.

### **7.2 Deposits**

7.2a Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a book. The details should include amount deposited and a reference, such as the receipt number or name of debtor.

### **7.3 Payments and withdrawals**

7.3a All cheques and other instruments authorising withdrawal from MAT bank accounts must bear the signatures of two of the signatories authorised on the relevant bank mandate. This provision applies to all accounts, public or private, operated by or on behalf of the MAT Executive Board. Payroll transactions are processed via BACS. All cash and cheques are to be held securely at each Academy and for the Trust.

### **7.4 Lloyds Business Cards**

**7.4a** The Trust has the following Lloyds Credit Cards, which are settled monthly, by Direct Debit. These are:  
For the Trust: Allison Grant – Trust Business Manager (£1,000.00 monthly limit).  
For Bowhill Primary School: Iris Browning – Business Manager (£1,000 monthly limit)

For Alphington Primary School: Deborah Buckingham and Lorna Hood (£1,000 limits)

For Ide Primary School: Miss S Tarr (£1,000 limit)

For St Thomas Primary School: Mrs S Ferris and Mr Justin Stone (£1,000 limits)

The Business Managers/Senior Administrators will ensure a credit card requisition form is completed with 2 signatures of authorisation in line with the scheme of delegation. The full balance of the credit card will be paid monthly by direct debit. The credit card transactions will be reconciled to the credit card statements monthly, authorised with 2 signatures in line with the scheme of delegation.

## **7.5 Administration**

7.5a The CFO and Trust Business Manager must ensure bank statements are received regularly for all accounts and that reconciliations are performed at least monthly. Reconciliation procedures must ensure:

- reconciliations are prepared by the Trust and school Office/Business Managers;
- all bank accounts are reconciled to the cash book for each academy;
- unreconciled transaction reports are included with the FMS bank reconciliation report to enable the FMS ledger to reconcile to the bank statement;
- reconciliations are subject to monthly review carried out by the CFO or Trust Business Manager;
- adjustments arising are dealt with promptly.

## **7.6 Petty Cash Policy**

7.6a The Office/Business managers and Trust Business Manager are responsible for the petty cash tin and records. Cash can be withdrawn from branches of Lloyds Bank. A petty cash tin with a maximum of £200 is held in a locked secure place at each establishment. In the interests of security, petty cash payments at schools are limited to £50 per transaction. The Office/Business Manager is responsible for ensuring petty cash reconciliation to FMS takes place each month. This is signed by the Headteacher/Deputy Headteacher for individual academies and CFO for the Trust.

### **7.6b Agreed Expenditure and Limits (maximum value of £50 for any form approved)**

- The purchase of items for part of lesson, including bus and train tickets.
- Maintenance supplies at suppliers where there are no facilities to open a Credit Account.
- Fuel for borrowed or rented minibuses.
- Hospitality for visitors and events if no opportunity for an online food delivery or in-house catering.
- Equipment pre-approved via a Purchase Order Form and not available to purchase online.
- Postage.

### **7.6c Expenditure Not Authorised**

- Staff beverages or food.
- Any items for personal use.
- Any school staff transport costs (These can be reimbursed via a Mileage and Expenses Claim Form).
- Equipment not pre-approved via a Purchase Order Form.

### **7.6d Procedure for using petty cash:**

1. Employee completes a petty cash requisition form and gets it signed by 2 authorised signatories.
2. Employee makes the purchase, pays with personal money and obtains an itemised receipt.
3. Employee presents the itemised receipt to the Petty Cash Manager.
4. The Petty Cash Manager records the purchase on the Petty Cash Log (date, description, amount).
5. The Petty Cash Manager issues a cheque or cash to cover the amount paid (up to £50 for cash and £100 for cheques).

NB: Cheques must be cashed within 2 weeks of issue or may be stopped. Any lost or stolen cheques will not be re-issued, unless there are extraordinary circumstances approved by Headteacher or Trust CEO.

## 7.6e Replenishment Procedure

Replenishment of the petty cash fund should be timely to maintain a sufficient balance to cover projected cash needs at all times. Generally, this would be when the cash balance drops below £40.00.

1. When Petty Cash gets low, the Petty Cash Manager completes a petty cash log (total expenditure, total cash in hand and balance remaining). Cash in hand should match the starting balance minus total purchases. If it does not balance, an explanation is provided on the petty cash log.
2. The log is submitted to the Office/Business Manager (Academies) or CFO (MAT) with receipts and explanations for approval. The Petty Cash Manager will start a new log and enter the cash balance.
3. The Office/Business Manager processes a replacement cheque made out to "cash" and gets it signed by 2 authorised signatories.
4. The replacement cheque is cashed, the cash received placed in the Petty Cash box and the deposit added to the Petty Cash Log with the date it was cashed.

Cheques will be reconciled on the cash flow statements and petty cash books logged on the FMS system, as per FMS guidance. Petty cash expenditure will be audited by internal and external auditors to ensure value for money, that the most appropriate items were purchased, and best value suppliers used.

## 7.7 Cash Flow Forecasts

**7.7a** The Office/Business Managers and Trust Business Manager are responsible for preparing cash flow forecasts to ensure academies in the MAT have sufficient funds available to pay for day to day operations. The MAT Business Manager will periodically check these and CFO will report findings to the Trust Board.

## 7.8 Investments

**7.8a** Investments must be made in accordance with procedures approved by the Executive Board. All must be recorded in detail including date of purchase, cost and description, to identify it and to enable market value to be calculated. Additional procedures may be required to ensure all relevant income is received.

## 7.9 Individual Academies' Financial Scheme of Delegation

Spending Decisions	Headteacher	Deputy Head	Bus Mgr/Snr Admin	Office Mgr/Admin
Authorise appointment of staff	A			
Authorise payroll forms	✓	✓	✓	
Authorise spending on approved items in budget	£ 5,000	£ 2,000	£ 2,000	£ 500
Authorise spend on other items	£ 5,000	£ 2,000	£ 2,000	£ 500
Raise orders	£ 5,000	£ 2,000	£ 2,000	£ 500
Open / Accept / Evaluate tenders	£ 5,000	£ 2,000	£ 2,000	£ 500
Receive goods / Verify Invoices	✓	✓	✓	✓
Authorise invoice payment (2 <sup>nd</sup> sig)	£ 5,000			
Petty Cash authorisation	£ 200	£ 100	£ 200	
Petty Cash sign cheques	£ 500	£ 200	£ 500	£ 500
Petty Cash purchase by Credit card	£ 1,000	£ 500	£ 1,000	£ 500
Petty cash ensure correct attribution	✓S	✓	✓	✓
Raising Credit notes	£ 1,000	£ 500	£ 1,000	£ 500
Income approving write offs	£ 1,000		£ 250	
Authorise virements	£ 5,000	£ 1,000	£ 1,500	
Security of property/assets/ cash	✓S		✓	
Other travel claims	✓		✓	
Phase leaders authorise orders to £1000	✓		✓	
Asset write-off (£500)	✓		✓	
Reconciliation of data	S		✓	✓W



Custody and control of fund	✓		✓	
Present accounts for audit 1 mth of yr-end	P		P	
Authorise recurrent spending	✓		✓	
Update/Monitor forecasts/budgets/reports	✓		✓	

## 8. Fixed assets

### 8.1 Asset register

**8.1a** All tangible fixed assets/equipment purchased with a value over the MAT's capitalisation limit of £1,000 must be entered in an asset register. The asset register includes the following information:

- asset description and 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

**8.1b** The Asset Register helps:

- ensure 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 external auditors to draw conclusions on the annual accounts and academy's financial system
- support insurance claims in the event of fire, theft, vandalism or other disasters.

**8.1c** All items in the register should be permanently and visibly marked as the property of the MAT or academy to which they belong 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 Executive Board. Where items are used by the academy but do not belong to it this should be noted.

### 8.2 Disposals

**8.2a** Items to be disposed of by sale or destruction must be authorised for disposal as per the scheme of delegation. Significant disposals should be sold following competitive tender. The MAT must seek approval from the DfE if it proposes to dispose of an asset for which a capital grant over £20,000 was paid.

**8.2b** Disposal of equipment to staff is not encouraged, as it may be difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner. The MAT is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other MAT assets. If the sale proceeds are not reinvested then the academy must repay to the DfE a proportion of the sale proceeds.

**8.2c** All disposals of land must be agreed in advance with the Secretary of State.

### 8.3 Loan of Assets

**8.3a** Items of academy property must not be removed from the premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in when it is returned. If assets are on loan for extended periods or to a single member of staff on a regular basis this may give rise to a 'benefit-in-kind' for taxation purposes. Loans should be kept under review and potential benefits discussed with auditors.

## **9. VAT Procedures**

### **9.1 ELAT VAT Registration**

**9.1a** The Trust is not currently registered for VAT as it does not meet the income threshold. This will be reviewed annually to ensure compliance. The Trust can reclaim the majority of VAT it pays on invoices from HMRC. This is reclaimed monthly via a VAT126 return. The claim is for at least one calendar month (ending on the last day of the month). If it is for less than £100, it covers at least 12 months. The MAT as responsible legal entity, must fill in one claim for all schools and claim VAT incurred on goods and services within four years of receipt of the supply.

### **9.2 VAT Reports**

A report is run for each academy by the Office/Business Managers and for the Trust by the Trust Business Manager for the relevant financial period on the FMS system. The Trust Business Manager then uses this information to populate the VAT126 reclaim form. The report is checked and authorised by the CFO.

**9.3** Where invoices relate partly to business activity and partly to non-business activity only VAT relating to non-business activity can be reclaimed. Lettings are business activities and all the VAT cannot be reclaimed on invoices for these. A proportionate calculation works out the VAT that can be claimed on these invoices and the lines on the VAT claim report are adjusted so only the correct VAT is claimed.

**9.4** The VAT spreadsheet mirrors the format required for HMRC Form 126. This is printed and attached to the completed form, which is signed by the CFO prior to submission to HMRC. A covering letter explaining any adjustments is sent with the form. On receipt of the reclaimed VAT, the CFO reviews the remittance, confirms this equals the claim and signs the remittance to confirm agreement.

## **10. Accounting Procedures**

### **10.1 The Annual Accounts Return (AAR)**

**10.1a** The AAR is mainly based on the annual financial statements to 31 August, with disclosures for the consolidation of individual academy trusts into the government accounts. The following information will be required as well as final statutory accounts to complete the additional disclosures:

- An analysis of revenue and capital grants by the issuing body (EFA, DfE, STA, CAFCASS etc)
- Staff costs disclosed in the accounts, analysed between permanent and temporary contracts. As a minimum this will include a list of permanent and temporary staff names to enable the calculation
- Accrued or deferred holiday pay to be calculated as at 31 August
- The land and buildings valuation included in the accounts to be analysed between land and buildings
- Total future operating lease commitments at 31 August - this is an alternative treatment to the accounts that discloses the annual cost (rather than total cost) of each commitment
- The return requires a list of transactions and balances with parties related to the EFA (not just to AT). EFA related parties are provided by EFA so a list of transactions with these parties must be prepared assuring that good and services have been provided at no more than cost.
- Counterparty balances return. This requires analysis of all period end debtor and creditor balances and in-year purchase and sale transactions with counterparties, broken down by counterparty. The relevant government counterparties include other academies, local authorities, district councils, HM Revenue & Customs, Coaches Pensions and other public bodies. There is a full list on the 'CP IDs tab' of AAR. FMS allow a supplier report to identify counterparties and transactions for each supplier.
- The following transactions' details will be required if they occurred in year: Losses (re stock or other assets) or write-offs (unrecoverable debts or overpayments), gifts or hospitality received or paid, special payments, staff severance or compensation payments, contingent assets and liabilities.

### **10.2 Accounting for fixed assets**

**10.2a** Assets costing £1,000 or more will be capitalised as tangible fixed assets and will be carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets are acquired with the aid

of specific grants, either from the government or the private sector, they will be included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants will be credited to a restricted fixed asset fund in the SOFA and carried forward in the Balance Sheet. Depreciation on such assets will be charged to the restricted fixed asset fund in the SOFA so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the MAT's depreciation policy.

### **10.3 Depreciation**

**10.3a** Depreciation will be provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

- Freehold buildings 0%
- Land 0%
- Fixtures, fittings and equipment 20%
- ICT equipment 33%
- Motor Vehicles 20%
- Longer life fixtures and fittings 10%

**10.3b** Assets in the course of construction will be included at cost. Depreciation will not be charged on these until they are brought into use. A review for impairment of a fixed asset will be carried out if changes in circumstances indicate the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value and recoverable amounts are recognised as impairment losses in the SOFA.

### **10.4 Leased Assets**

**10.4a** Rentals under operating leases will be charged on a straight line basis over the lease term.

### **10.5 Investments**

**10.5a** The MAT does not currently hold any investments. The policy will be determined as need arises.

### **10.6 Stock**

**10.6a** Catering stocks will be valued at cost where relevant within the MAT. Stock will be audited annually.

### **10.7 Taxation**

**10.7a** The MAT is considered to pass the tests in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the MAT is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **10.8 Pensions Benefits**

**10.8a** Retirement benefits to MAT employees are provided by the Teachers' Pension Scheme (TPS) and Local Government Pension Scheme (LGPS). These are defined benefit schemes, contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the MAT.

**10.8b** TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over the working lives of MAT employees in such a way that cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. TPS is a multi-employer scheme and the MAT is unable to identify its share of the underlying assets and liabilities on a consistent, reasonable basis so TPS is treated as a defined contribution scheme and contributions are recognised as they are paid each year.

**10.8c** The LGPS is a funded scheme and the assets are held separately from those of the MAT in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a

high quality corporate bond of equivalent term. Actuarial valuations will be obtained at least triennially and updated at each balance sheet date. Amounts charged to operating surplus will be current service costs and gains and losses on settlements and curtailments. They will be included as staff costs. Past service costs are recognised immediately in the SOFA if benefits have vested. If benefits have not vested immediately, costs are recognised over the period until vesting occurs. Expected return on assets and interest cost will be shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses will be recognised immediately in other gains and losses.

Unrestricted income funds are resources which may be used towards meeting any charitable objects of the MAT at the discretion of trustees. Restricted fixed asset funds are resources to be applied to specific capital purposes imposed by the EFA or other Funders where the asset is held for a specific purpose. Restricted general funds comprise all other restricted funds received and grants from EFA.

## **11. Audit**

### **11.1 Internal Audit**

It is the responsibility of the Internal Auditor to review, appraise and report on:

- The effectiveness of internal controls (financial and non-financial) as a contribution to the efficient use of resources within an organisation;
- The soundness, adequacy and application of the system of administrative controls established by management in each department or service;
- The soundness, adequacy and application of controls on computer systems;
- Schools Finance
- The extent to which assets and interests are accounted for and safeguarded from losses;
- Measures to protect against losses arising from waste, extravagance or poor value for money;
- Prevention and detection of fraud;
- The suitability and reliability of financial/other management data developed in the organisation.

For the Internal Auditor to fulfil these responsibilities, independence is essential but this should not prevent the close working relationship with interested parties before, during and at the conclusion of the audit.

### **11.2 External Audit**

**11.2a** The External Auditor is responsible for certification of the accounts and ensuring the internal audit is effective. External auditors may choose to examine the records of individual schools 'as of right'.

**11.2b** The auditor will carry out tests to inform an opinion on whether financial statements are free from error. These are for auditors to be assured the school is operating against budget plans, within a reasonable level of error. Auditors do not seek to certify financial statements are 100% correct, and use the concept of "materiality"; the level at which auditors decide whether or not an error discovered in financial statements requires adjustment. If the auditor calculates materiality at 1% of total incoming resources; a Trust with £1 million income has a materiality level of £10,000. If the auditor discovers an error of £8,000, this is deemed "immaterial" and no adjustment is required. However, materiality is a matter of professional judgement, so there may be instances when an immaterial error may need to be corrected due to its sensitive nature.

**11.2c** Auditors require the MAT to show understanding of financial processes and issues, and that cash-flow and risk registers are up-to-date. Reconciliations and monthly checklists will be completed and available. The external auditor must perform engagements as part of the assurance process for EFA. These are: 'True and fair' audit and Regularity Audit of the financial statements and Accountants report to accounts return.

## Appendix 1: Scheme Of Financial Delegation

\* Items may be delegated to staff within the academy. Schemes of financial delegation for each academy are shown in section 7.9.

Decision Level							
Function	No.	Tasks	Trust Exec Board	CEO/CFO	Trust Business Manager	LGB	Headteacher *
Purchasing & Procurement  (subject to budgetary constraints)	1.	<b>Placing orders for goods and services</b> (3 quotes required for items over £5,000. 2 signatures required for all requisitions)	<b>To authorise</b> spend over £10,000 (and formal tendering process)	<b>To authorise</b> spend up to £9,999 and recommend authorisation between £10,000 and £24,999 to Audit and Finance Committee.	<b>To authorise</b> spend up to £5,000 at Central MAT and academies.  <b>To recommend</b> spend over £5000 to CEO/CFO.	<b>To approve</b> HT's recommendation to spend up to £9,999 in line with budget.  <b>To recommend</b> spend over £10,000 to CEO.	<b>To recommend</b> spend up to £9,999 to LGB for approval.  <b>To authorise</b> spend up to £5,000 at academies.
	2.	<b>Tendering process</b>	<b>To authorise</b> tenders for orders £10,000 and over (formal tendering)  <b>To monitor</b> tenders for transactions over £25,000	<b>To undertake</b> tenders for MAT  <b>To authorise</b> tenders to £9,999 and recommend between £10,000 and £24,999 to Audit and Finance Committee			<b>To open, accept and evaluate</b> tenders up to the value of £5,000
	3.	<b>Register of Business Interests</b>	<b>To complete</b> annual declaration of business interest	<b>To ensure</b> staff with financial responsibility & directors complete annual declaration & register of interest on web		<b>To ensure</b> Govs complete annual declaration of bus interests & register of ints for govts & staff on web	<b>To ensure</b> staff with financial responsibilities complete annual declaration of business interests
	4.	<b>Authorising Invoices</b> (should not be authorised by person who placed order & follow tendering process. 2 signatures required.	<b>To authorise</b> invoices/ payments over £9,999 on recommendation from Audit/Finance Committee	<b>To authorise</b> invoices/ payments & virements for MAT & schools up to £9,999 and recommend over £10,000	<b>To authorise</b> invoices/ payments and virements to £5,000 and recommend over £5,000 to CEO		<b>To authorise</b> invoice/payments up to £5,000 for academy
	5.	<b>Making payments</b> (signing cheques, BACS paymts & bank transfers). 2 signatures required.		<b>To make</b> payments on approved costs for school/ MAT with 1 approved signatory within authorisation levels	<b>To make</b> payments for academies or central MAT with bank signatory within authorisation levels		<b>To make</b> payments for academy with approved signatory within authorisation levels
Annual Budget and Financial Management	6.	<b>Approval of annual budget</b>	<b>To review and approve</b> annual budget for MAT	<b>To review and recommend</b> annual budget to Trust Exec	<b>To review and recommend</b> annual budget to CEO	<b>To review &amp; recommend</b> annual budget to Bus Mgr	<b>To prepare</b> annual budget with MAT Bus Mgr & LGB
	7.	<b>Monthly budget summary and Management Accounts</b>	<b>To monitor</b> monthly budget summary & mgmt a/cs for academies/MAT & recommend action	<b>To report on</b> monthly budget summary & management a/cs for academies & MAT to Trust Exec & action as necessary	<b>To report on</b> monthly budget summary & mgmt a/cs for academies & MAT to CEO & action	<b>To review</b> monthly budget summary & mgmt a/cs for Academy & action as necessary.	<b>To prepare</b> monthly budget summary & mgmt. a/cs for review by Trust Bus Mgr & LGB
	8.	<b>Authorised for virements between cost centres</b> (no inc to overall budget)	<b>To monitor</b> virements across the MAT taking action as necessary	<b>To approve</b> virements <b>To report on</b> approved virements to Trust Exec Board	<b>To review and recommend</b> virements to the CEO	<b>To monitor</b> virements at Academy taking action as necessary	<b>To recommend</b> virements to MAT Bus Mgr <b>Report</b> virements to LGB
	9.	<b>Use of reserves or increase of overall annual budget</b>	<b>To review &amp; approve</b> use of reserves or increase in budget	<b>To review &amp; recommend</b> use of reserves or increase in budget to MAT Exec Board	<b>To review &amp; recommend</b> use of reserves or increase in budget to CEO	<b>To recommend</b> use of reserves or increase in budget to MAT Bus Mgr	<b>To report</b> virements use of reserves or increase in budget to LGB
	10.	<b>Control Accounts Reconciliation</b>	<b>To monitor</b> reconciling control a/cs for MAT & academies	<b>To review &amp; approve</b> control a/cs reconciliations provided by MAT Bus Mgr as per timetable	To produce control a/cs reconciliations for review & approval by CEO		<b>To review &amp; approve</b> control a/c reconciliations from Academy Bus Mgr
Banking Authority & Cash Mgmt	11.	<b>Open a bank account</b> Always open in name of school /Trust & 2 signatories		<b>To authorise</b> the opening of any bank accounts for MAT & academies	<b>To recommend</b> opening of any bank a/c for MAT & academies to CEO		To recommend opening of any bank a/cs for academy to MAT Bus Mgr

**Decision Level**

Function	No.	Tasks	Trust Exec Board	CEO/CFO	Trust Business Manager	LGB	Headteacher *
Banking Authority & Cash Mgmt	12.	<b>Approving bank signatory</b>	<b>To approve</b> bank signatories for MAT a/cs	<b>To recommend</b> approved bank signatories to Board 4 approval	<b>To approve</b> academy bank signatories	<b>To recommend</b> bank signatories to Bus Mgr	<b>To recommend</b> signatories to LGB: DHT/SLT/BM/A
	13.	<b>Authorised credit/charge card user (if applicable)</b>	<b>To approve</b> MAT credit card users and card limit		<b>To approve</b> academy credit card users & limit. <b>To recommend</b> users to MAT	<b>To recommend</b> approved credit card users to Trust Bus Mgr	<b>To recommend</b> credit card users to LGB: DHT/SLT/BM/A
	14.	<b>Authorised to administer petty cash</b>	<b>Monitor</b> administration of petty cash transactions		<b>To administer</b> petty cash for MAT & limit of £50 each		<b>To approve</b> staff to administer petty cash >£200
	15.	<b>Authorised collect/open income/remittances</b>			<b>To approve</b> staff to collect income/open reconciliations with 1 other for MAT		<i>To approve</i> staff to collect income/open reconciliations with 1 other for academy
	16.	<b>Authorised to invoice, receipt and bank income in presence of 1 other</b>			<b>To approve</b> staff to invoice, receipt & bank with 1 other for MAT		<b>To approve</b> staff to invoice /receipt/bank income with 1 other for academy
Statutory Reporting	17.	<b>Completing annual &amp; periodic financial reports to Trust Board/EFA/DfE</b>	<b>To review &amp; approve</b> financial reports pre submission as required	<b>To review</b> financial reports pre submission & <b>present</b> to MAT Board	<b>To prepare</b> financial reports pre submission & <b>submit</b> approved reports		
	18.	<b>Authorised to complete VAT 126 Returns</b>			<b>To review &amp; submit</b> VAT 126 claim for MAT		<b>To review &amp; submit</b> VAT 126 claims for academy
Fixed Assets	19.	<b>Asset Register</b>	<b>To review &amp; approve</b> asset register for MAT & academies annually		<b>To enter</b> items over capitalisation limit of £1k to register for MAT		<b>To enter</b> items over capitalisation limit of £1k to register for academy
	20.	<b>Security of assets</b>			<b>To ensure</b> security for stores & equipment at MAT		<b>To ensure</b> security for stores/equipment at AT
	21.	<b>Disposal of assets</b>	<b>To approve</b> disposal of assets over £5,000 to £44,999 <i>EFA approval over £50k</i>	<b>To recommend</b> sale or destruction or disposal of items over £1000 to £4,999 to MAT Board	<b>To authorise</b> sale or destruction or disposal of items up to net book value of £1000	<b>To approve</b> disposal if net book value below £500 <b>To recommend</b> disposal to Bus Mgr if over £500	<b>To authorise</b> disposal to £500. <b>To recommend</b> disposal if net book value over £500 to LGB.
	22.	<b>Loan of assets</b>		<b>To approve</b> loan of assets if loan register signed & maintained for MAT & ATs	<b>To approve</b> loan of assets if loan register signed & maintained for MAT		<b>To approve</b> loan of assets over net book value £250 if register signed & maintained
Debts	23.	<b>Write off bad debts/losses</b>	<b>To review &amp; approve</b> writing off bad debts/ losses over £1000	<b>To approve</b> writing off bad debts/ losses to value of £1000 <b>To recommend</b> to MAT Board if over £1000	<b>To recommend</b> writing off bad debts/ losses to value of £1000 to CEO	<b>To approve</b> writing off bad debts/ losses to £500 <b>To recommend</b> to Bus Mgr if over £500	<b>To recommend</b> writing off bad debts/losses to LGB to value of £500 <b>To notify</b> Bus Mgr of losses
Payroll	24.	<b>Payroll administration</b>		<b>To instruct</b> Bus Mgr to amend employee files inc salary			<b>To issue</b> file/salary changes <b>To inform</b> payroll & Bus Mgr of changes asap
	25.	<b>Payroll Payments</b>			<b>To reconcile</b> staff payments at MAT, check previous, adjust, starters, leavers, etc		<b>To monitor</b> reconciliation of payments at AT, check previous, starters, leavers...
	26.	<b>Insurance Premium renewal</b>		<b>To approve</b> insurance arrangements for MAT & ATs	<b>To review &amp; propose</b> sums insured, risk & claims handling for MAT & ATs		<b>To manage</b> insurance claims at the academy

## **Appendix 2 - Segregation of Duties**

This is the concept of having more than one person required to complete a task, ensuring that incompatible jobs within a system are not completed by the same person. Segregation of duties is critical to effective internal control because it reduces the risk of mistakes and inappropriate actions. Not having segregation of duties also places a large burden of trust on a small number of people within your school.

As a guide, for most transactions the following functions should be separated among employees (e.g. for a payment made by a school):

- Initiation (completing a purchase order)
- Approval (authorising purchase order and payment of an invoice)
- Accounting/reconciling (recording of the transaction in the ledger and month end reconciliation process)

A detailed supervisory review of related activities is required as a compensating control activity if these functions cannot be separated.

### 1.1. Examples of segregation of duties:

- The person who requisitions the purchase of goods or services should not be the person who approves the purchase.
- The person who approves the purchase of goods or services should not be the person who reconciles the monthly financial reports.
- The person who approves the purchase of goods or services should not be able to obtain custody of cheques.
- The person who maintains and reconciles the accounting records should not be able to obtain custody of cheques.
- The person who opens the mail and prepares a listing of cheques received should not be the person who makes the deposit.
- The person who opens the mail and prepares a listing of cheques received should not be the person who maintains the accounts receivable records.

### 1.2. No one person should perform all of the following tasks:

- Initiate a transaction
- Approve a transaction
- Record a transaction
- Reconcile balances
- Handle assets
- Review reports

### 1.3 For each valuable asset category (computers, other fixed assets, stock, cash), the custody of these assets needs to be segregated from the accounting for them.

1.4 The number of administration staff is limited in schools and this can mean that segregation of duties is difficult to achieve and that a number of the above functions will be performed by the same person. While this may not be ideal from an internal point of view, it is the reality of the situation. If auditors find that segregation of duties is not occurring, they may raise a note about this in the management letter, to ensure the board and senior management team are aware of this and can consider committing more resources or monitoring more closely to the day to day accounting function. This will normally be through a detailed review of the monthly financial statements. Such management letter point is in no way a reflection on the people working at your school and is not intended to bring into question their integrity. It is merely a commentary on the systems and internal controls present in your school.

## Exeter Learning Academy Trust - Authorised Signatories:

ELAT Members	Name	Date	Signature
Member	Alan Burrows		
Member	Reg Edwardson		
Member	Ian Guy		
Member	Rev Mark Nightingale		
Member	Claire Quick		

Central MAT	Name	Date	Signature
Chair of Trustees	Liam Montgomery		
Chief Executive Officer	Justin Stone		
School Improvement Officer	Debbie Buckingham		
Business Manager	Allison Grant		

Alphington Primary School	Name	Date	Signature
Chair of Governors	Liam Montgomery		
Headteacher	Debbie Buckingham		
Deputy Headteacher	Sara Thornhill		
Deputy Headteacher	Kirsty Nairn		
Business Manager	Lorna Hood		
Senior Administrator	Mandy Johnson		

Bowhill Primary School	Name	Date	Signature
Chair of Governors	Ruth O'Neal		
Headteacher	Caren Brookes		
Deputy Headteacher	Mark Burnard		
Senior Administrator	Iris Bowning		

Ide Primary School	Name	Date	Signature
Chair of Governors	Mark Nightingale		
Headteacher	Sharon Tarr		
Deputy Headteacher	Seann Williams		
Business Manager	Lorna Hood		
Senior Administrator	Andrea Cowling		

St Thomas Primary School	Name	Date	Signature
Chair of Governors	Martin Laver		
Headteacher	Justin Stone		
Deputy Headteacher	Eddie Brown		
Senior Administrator	Wendy Meardon		