



City Learning Trust

Finance Policy 2019 - 2020

29 August 2019

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Introduction

1. The purpose of this manual is to ensure that the City Learning Trust and the academies within it maintain and develop systems of financial control, which conforms to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education and Skills Funding Agency (ESFA).
2. As an academy trust, the City Learning Trust (for the purpose of this policy 'The City Learning Trust' or 'Trust' represents the whole Trust as one entity, including the constituent academies and the central function) must comply with the principles of financial control outlined in the Academies Financial Handbook. This manual expands on that and provides detailed information on the Trust's financial procedures and accounting systems. This manual should be read by all staff involved with the financial systems or with financial accountabilities within their role.
3. This *Financial Regulations Manual* serves as an adjunct to the Academies Financial Handbook and the Trust's Scheme of Delegation to provide information on operations for Trustees, relevant employees, Headteacher/Principal and Local Governing Committees (LGCs).
4. The Chief Executive Officer (CEO) of the City Learning Trust is the Accounting Officer (AO) with overall accountability for the financial probity across the Trust. In particular, the accounting officer is personally responsible to Parliament, and to the accounting officer of the ESFA, for the resources under their control. The AO must be able to assure Parliament and the public of high standards of probity in the management of all public funds. To support the AO with the financial responsibility of the Trust, a Scheme of Delegation has been approved by the Trustees and is reviewed on an annual basis.
5. The City Learning Trust's Chief Financial Officer (CFO) has delegated accountability to ensure sound oversight of financial compliance across the Trust and the preparation and submission of the annual financial returns required by the EFSA as part of the Trust's Funding Agreement.
6. It is without exception that all stakeholders and employees with financial accountabilities at all levels of the Trust will act in accordance of the 7 principles of public life: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership.

Financial Planning

1. The academy trust prepares rolling 3 year budgets with individual academies playing an important role in this cycle of budget planning. CLT academies are supported by the Deputy CFO to review strategic budget plans annually and/or if a significant event/change happens with the academy. All academies within the trust has access to the accounting software and are supported by ongoing training to use this system effectively.

The budget cycle

2. The budget cycle is as follows:
 - Autumn term (Sept – Dec)
 - o Implementation of current budget plan
 - o Monitoring expenditure (continuous-monthly)
 - o Reconciliation and closure of previous financial year
 - Spring term (Jan – Mar)
 - o Monitoring and reviewing of year's budget
 - o Revised Budget where appropriate
 - o Pre-planning new financial year
 - Summer term (Apr – Aug)
 - o Planning for forthcoming year
 - o Preparation and submission of financial budget plan
 - o Monitor & review of current year's budget

Budget

3. The CFO is responsible for overseeing and obtaining approval for the annual Trust budget. The overall Trust budget must be approved by the AO, the Director Scrutiny Committee and the Board of Trustees. To facilitate this process Academy Headteacher/Principals/Headteachers are delegated the responsibility of preparing and obtaining approval from Local Governing Committees of individual academy budgets. They may delegate the preparation of budgets to academy Business Managers/Finance staff.
4. The clerk to the Board of Trustees / LGCs should minute budget approval.

5. Individual Academy Budgets should be approved and returned to the CFO at a date specified but before the submission of the approved Budget Forecast Return (BFR) to the ESFA.
6. The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year with delegated authority for individual academies to document in greater detail how their resources will be utilised. There should be a clear link between Trust/Academy development plan objectives and demonstrative links to improved outcomes for pupils/students.
7. The budgetary planning process will incorporate the following elements:
 - forecasts of the likely number of pupils to estimate the amount of General Annual Grant per academy
 - latest estimates of other ESFA funding e.g. pupil premium, Yr7 Catch-Up or other funds
 - review of other income sources
 - review of past performance against budgets to promote an increased understanding of anticipated costs
 - identification of potential efficiency savings
 - review of the main expenditure headings and expected variations in cost e.g. pay increases, inflation and other anticipated changes
 - any unspent grants from the previous financial year
 - any funds held in Trust
8. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. It is not permitted for Trust to fall into a deficit budget situation. In extreme circumstances, when beyond the control of the Trust, additional support could be sought from the EFSA. It is the responsibility of the AO to assess and review the need to request the additional financial support of the EFSA should it arise. Individual academies are not therefore permitted to submit a deficit budget plan. If an academy joins the Trust with a deficit budget, the Trust will work with the academy in question to put a responsible and timely recovery plan in place to ensure that the budget is returned to a positive position.
9. If there is a significant (over 10% of total budget expenditure) overspend from an individual academy's anticipated budget, this must be escalated by the Headteacher/Principal / Headteacher to the Local Governing Committee. The LGC should submit an explanation, revised budget forecast and details pertinent to the recovery of the budget before the end of the financial year to the CFO. As part of the monthly management accounting process any significant concerns across the Trust should be raised by the CFO to the AO during the scheduled monthly finance meetings.
10. Any significant overspend (over 10% of total budget expenditure) of the Trust's overall budget should be escalated by the AO to the Board of Trustees who must take responsibility to make recommendations to mitigate against the risk of this overspend. If the Board identifies significant financial risks either at individual academy level or Trust level, action may be taken to remove the delegated financial authorities until such a time that the Trustees are satisfied that sufficient measures are in place to reduce the financial risks to the organisation.
11. Once approved, budgets should then be entered onto the finance system at the start of the new financial year and no later than the 30th September.

Specific Government Funding (GAG)

12. The CFO will manage the receipt of GAG funding into the Trust.
13. The Trust amalgamates a proportion of GAG for its academies in to one central fund.
14. Pooled GAG is used to meet normal running costs within the Trust.
15. The Trust does not pool PFI funding.
16. The Trust pools GAG in line with the freedoms awarded in the Academies Financial Handbook. An appeals mechanism is in place for any constituent academy Headteacher/Principal / Headteacher who feels they have been treated unfairly.

Other Government Funding

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

Other Grants and specific funding

18. In addition to the GAG funding from the EFSA, the Trust may be awarded additional grants relating to specific projects e.g. Sport England Funding. All applications for additional external funding must be approved and supported by AO and reported to the Board at appropriate intervals. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.

Project expenditure

19. The AO and senior leadership team of the Trust can bestow an internal project grant up to £25K with the approval of the Board of Trustees. The Board should however consider the needs of all constituent academies within the Trust and should formally approve and annually review the expenditure limits set.

Revised Budget

20. Monitoring and analysis of the agreed CLT budget should be carried out on a monthly basis by the AO, CFO and Deputy CFO. The CFO and Deputy CFO also meet monthly with the Finance Scrutiny Committee (representatives from the Board of Trustees) to review management accounts. Where significant variations to the agreed budget are identified, a revised budget should be requested by the Board of Trustees. This revised budget should then form the basis of analysis of all income and expenditure until the financial year end.
21. Monitoring and analysis of individual academy budgets should be carried out on a monthly basis by the Academy Headteacher/Principal / Headteacher and respective Finance staff. Reports of this meeting should be forwarded to the LGC. Where significant variations to the agreed budget are identified, a revised budget should be prepared and forwarded to the CFO for approval before being agreed by the Finance scrutiny committee. This revised budget should form the basis of analysis of all income and expenditure until the financial year end.

Budget Forecast Return

22. It is the responsibility of the CFO to ensure that the approved budget for the Trust is submitted to the EFSA by the required deadline. To support this function, the CFO is responsible for establishing and circulating a timetable to constituent academies, which allows sufficient time for the budget approval process to take place and ensures there is sufficient time for budgets to be reviewed if rejected by the Board/CFO.

Monitoring and review (including management accounts)

23. Monthly reports are prepared at Trust level. The monthly reports must include:
 - management accounts with commentary
 - balance sheet including bank reconciliations
 - aged debtors and creditors with commentary
 - cash flow forecast
24. The Trust monthly reports are presented to the AO and the Finance Scrutiny Committee each month. To ensure that this can take place all month end reporting must be complete by the 5th of each calendar month. Where circumstances cause a delay in this (i.e. staff absence or public holidays) the deadline will be revised.

Independent checking procedures

1. It is the responsibility of the Trust Board to ensure a programme of independent internal audit is in place to supplement the work of the external auditors.

Review of regularity

1. The CEO in their role as Accounting Officer reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety, reviews:
 - management accounts
 - compliance against the Scheme of Delegation
 - connected party transactions
 - value for money practice
2. The AO has delegated the following responsibilities to the CFO and Deputy CFO:
 - adherence to tendering policies
 - regular review of transactions confirming they are in line with delegated authorities as set out by the Academies Financial Handbook
 - review of trustees/governors' minutes

Annual accounts

The academy trust must prepare annual audited financial statements for the accounting period 1st September to 31st August.

1. The accounts are prepared in house by the Finance team
2. The accounts are then submitted as follows:
 - by 31st December – to ESFA
 - by 31st January – published on our own website

- by 31st May – to Companies House

Value for money

3. As part of the annual accounts, the trust must be able to demonstrate clear processes to secure value for money.
4. All budget holders are accountable for ensuring that resources committed towards raising outcomes for pupils / students are annually assessed to ensure value for money at all levels across the Trust.

External Audit arrangements

5. External auditors are appointed in accordance with the Academies Financial Handbook. In line with recommended best practice a regular review (minimum every three years) of the work carried out by the External Auditors is undertaken by the Trustees.
6. The CFO is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.
7. The Deputy CFO and CFO are responsible for liaising with constituent academies across the Trust to facilitate the annual external audit process.

Work undertaken during accounting period for the year end

8. The CFO, working with the Deputy CFO, is responsible for overseeing the following tasks across the Trust are undertaken during the year to facilitate a smooth audit process:
 - review the trial balance across the Trust as part of the monthly reconciliation process
 - ensure that all academies maintain a fixed asset register
 - depreciation charges are applied across all Trust assets
 - accurate income and expenditure records are maintained with constituent academies responsible for maintaining and including a system of filing paper invoices
 - a procedure for reviewing aged debtors is in place and followed by all academies across the Trust
 - a process for recording of Trustees and LGC Governor interests, related and connected party transactions is in place across the Trust
 - Monthly reconciliations (bank, wages, debtors, creditors) take place across the Trust
 - The Governance Officer maintains a record of meeting attendance at all governance levels
 - Monitoring & regular financial reporting to the AO and Board of Trustees
 - prepayments for IT licenses and Service Level Agreements
 - prepayments or accruals for grant income
 - control account reconciliations (bank, wages, debtors, creditors)
 - close down of purchase ledgers
 - pension valuations and audit

Accounts Return

9. Annual accounts return for the accounting period 1st September to 31st August submitted to the ESFA by deadline (TBC by ESFA)
10. The Accounts Return is prepared by auditors.
11. The Accounts Return is approved by the AO.

Document retention

12. Documents are retained for the following amount of time:
 - Finance records – current year plus preceding 6 years
 - Payroll and expenses – current year plus preceding 6 years
 - Personnel records – 6 years after an employee has left
 - All student files, including accident investigations until the student reaches the age of 21

Accounting system

1. All the financial transactions of the Trust must be recorded into finance system.
2. The CFO is responsible for annually reviewing the efficiency, efficacy and economy of the financial software system used by the Trust.

System Access

3. Full access to the system is password restricted. Access for other users is authorised as appropriate.
4. The AO has authorised access to the system in a “view only” capacity to the external auditors to support the annual external audit process.

Back-up Procedures

5. Financial data is stored on the finance system which is backed up daily.
6. Users of the finance system can access their financial information anywhere that internet access is available. This forms part of the Business Continuity Plan.

Transaction processing

7. All transactions input to the finance system must be authorised in accordance with the procedures specified in this manual.
8. Bank transactions are input by Trust finance staff and overseen by the Deputy CFO.

Reconciliations

9. The Trust Central Finance team is responsible for ensuring that the following reconciliations are performed each month, and that any reconciling or balancing errors are cleared
 - sales ledger control account
 - purchase ledger control account
 - payroll control account
 - VAT control account
 - bank balance per the nominal ledger to the bank statement
10. Monthly reconciliations of the Trust are reviewed by the Deputy CFO.
11. Academy Headteacher/Principals sign off monthly bank statements and reconciliations at academy level as evidence of review.
12. Any unusual or long outstanding reconciling items are brought to the attention of the Finance Scrutiny Committee and dealt with according to the bad debt write off limits as per the Scheme of Delegation.

Cash Management

Bank Accounts

1. The following procedures must be followed when opening a bank account and operating it:
 - The Trust is responsible for selecting the banking institution and negotiating the terms and conditions
 - The AO must authorise the opening of all bank accounts
 - The Trust will ensure that in the event of changes to key personnel or governors/trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
 - Terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded
 - The Trust and academies within it must ensure there are sufficient funds to cover large payments
 - Monthly cash flow reports must be completed at Trust level
 - Trust cash-flow statements must be regularly submitted to the Finance Scrutiny Committee

Deposits

2. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
 - The amount of the deposit.
 - A reference (for example the number of the receipt or the name of the debtor).
3. The Central Finance Team are responsible for updating the accounting system for deposits placed.

Payments and withdrawals

4. Trust finance staff must enter invoice details onto the finance package. Whenever possible, payments are made via BACs and authorised by the Deputy CFO and CFO. Although the use of cheques is discouraged, authorising withdrawals from bank accounts using a cheque as a payment method will require the signatures of two of the following authorised signatories:
 - Chief Financial Officer
 - Deputy Chief Financial Officer FO
 - Accounting Officer

Administration

5. The CFO ensures that all bank statements are reviewed regularly and that reconciliations are performed at least on a monthly basis by finance staff. Reconciliation procedures must ensure that:
 - Accounts are fully reconciled by the 5th of each month
 - Trust reconciliations are subject to an independent review carried out by a suitably qualified body
 - Adjustments arising are dealt with promptly

Petty Cash Management

6. The academies within the Trust can maintain a maximum cash balance of £250 for the purchase of minor items, which is to be held in the academy safe and is the responsibility of the Academy Headteacher/Principal who may delegate this to the academy finance staff.
7. The petty cash float must not be used for:
 - cashing personal cheques
 - paying staff loans

Petty Cash Payments

8. In the interests of security, petty cash payments are limited to £25. Payments are made on production of a valid till receipt or other proof of payment and must be authorised by CFO/ Deputy CFO / Academy Headteacher/Principal/Academy Finance staff.
9. Employee expense purchases over £25 must be reimbursed via the payroll system by submitting an authorised Employee Expenditure Form to the line manager.
10. Claimants cannot authorise their own claims.

Administration

11. Any petty cash float must be reimbursed from the main bank account.
12. The petty cash float should be reconciled monthly by finance staff. The reconciliation must then be reviewed independently and initialled as evidence of review.
13. Spot check of the petty cash float are carried out regularly

E-procurement & Payments

14. Business Charge Cards / Debit Cards should only be used when it is not practical to use the purchase order system or if using the Business Charge Card / Debit Card increases value for money.
15. The Business Charge Cards /Debit Card must be kept safe and is only used by the person stated on the card
16. Any department wishing to make a purchase on a Business Charge Card / Debit Card must complete an order form and pass this to the budget holder for authorisation before requesting finance staff to make the purchase.
17. When the Business Charge Card Statement arrives there will be a signed order form relating to each entry on the statement. A VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A cash book journal is keyed for each entry on the statement.
18. The Business Charge Card Statement, along with all the relevant order forms should be given to the Academy Finance staff/ Trust Finance staff who will check the monthly statement and sign an authorisation sheet. As part of the internal audit process, there will then be a regular sample of the transactions (minimum of 10).
19. Business Charge Card supporting paperwork should be filed away in a separate file in until the end of the financial year, when they will then be open to sample checking as part of the external audit process before being transferred to a finance storage box for that year and stored by the individual academy.

BACS Payments

20. On receipt of an invoice, the budget holder signs the invoice, to signify:
 - an official purchase order has been raised for the purchase
 - the delivery note has been checked
 - the delivery is of correct quantity, quality and price
 - it has not been previously paid
 - funds are available in the relevant budget
 - VAT chargeability on qualifying expenditure is shown
21. Payment is then prepared passed to the Deputy CFO who will check to ensure that the bank and sort codes have been correctly entered. Subject to this, the payment will be approved.
22. Where possible, BACS payments are administered within the terms stipulated by the supplier.
23. HR should ensure that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals that are classed as "off-payroll" and fall under the IR35 regulations. Further advice on "off payroll" employees can be found at: <https://www.gov.uk/guidance/ir35-find-out-if-it-applies>

Reserves

1. Individual academies are expected to build a minimum 3% reserve into their annual budget. This is held by the Trust.
2. Programmes of work are agreed by the AO and Senior Leadership team, using these reserve monies to support outcomes for young people.
3. The Chief Executive Officer as AO must inform the ESFA immediately if a Trust deficit is anticipated.

4. If the Trust is anticipating a deficit at the end of any financial year, the Board of Trustees and the AO have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Board of Trustees must ensure that a recovery plan is submitted and approved by the ESFA.

Capital Reserves

1. Any capital surplus at the end of the year are carried over to the following year.
2. It is the responsibility of CFO to keep accurate records of the capital funds, especially where grants have been received for capital projects.

Payroll

Staff Appointments

1. The Board of Trustees has approved a payroll provider, Strictly Education. A change of payroll provider can only be made with the express approval of the Board of Trustees who must ensure that fully compliant payroll services are in place and that the payroll service provides value for money.
2. The AO has the authority to appoint Academy Headteacher/Principals and Executive Directors in consultation with the Board of Trustees.
3. Academy Headteacher/Principals have the authority to appoint Academy Senior Leaders in consultation with the CEO.
4. Academy Headteacher/Principals and Senior Leaders have the authority to appoint staff within their respective academies but must consult with the HR Department.
5. The Board of Trustees are responsible for the appointment of both the AO and the CFO.
6. The HR Department is responsible for ensuring a policy and procedure is in place for obtaining the relevant pre-employment and DBS checks.
7. Academy Headteacher/Principals are responsible for obtaining the relevant pre-employment and DBS checks and ensuring these are retained on file.

Payroll Administration

8. All staff are paid monthly through the payroll provider. A master file is created and emailed monthly to each academy which records:
 - salary
 - bank account details
 - taxation status
 - personal details
 - any deductions or allowances payable
 - other legal and relevant details
9. Any master file amendments made by trust/academy finance staff must be printed out each month prior to the payroll run and must be authorised by HR Director/delegated academy lead.
10. Any master file amendments made by HR Department/delegated academy lead must be authorised by the CFO/Academy Headteacher/Principal where appropriate.
11. Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the budget holder, prepared by academy finance/HR leads and signed off by the Academy Headteacher/Principal. Overtime, temporary work or additional hours carried out by the Central CLT team must be authorised by their direct line manager.
12. The Trust HR Department will prepare and distribute a timetable for payroll processing specifying key dates for the month/year in question.

Payments

13. Before payments are dispatched a printout of all data should be obtained, including an exceptions report from the payroll provider and this should be checked against source documentation by trust/academy finance staff and then reviewed and initialled by HR Department /Academy Finance staff. Authority to release payment will be by Academy Finance and the Headteacher/Principal or for the centrally employed staff payroll by the HR Director and the CFO.
14. All salary payments are made by BACS.
15. 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.
16. HR must select at least three employees at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly. The check is recorded and available for checking as part of the internal audit process.
17. After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Academy Finance Leads should review the

payroll control account each month to ensure the correct amount has been posted from the payroll system.

18. Annually, the external auditor completes a sample check on randomly selected members of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

Salary advances

19. The Trust does not award salary advances.

Overtime

10. Overtime is recorded by the individual and submitted each month to their line manager for authorisation, the Trust / Academy Finance or HR leads should then complete the claim forms retaining copies of the time sheets for internal and external audit review.
11. Claim forms must not be submitted prior to work having been undertaken.
12. No payments for work undertaken will be made other than via the payroll system.

Severance payments

13. The Trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment.
14. Where the non-contractual element is on or over £50,000 prior approval from ESFA must be sought.
15. The Accounting Officer must sign off and review each business case.

Ex-gratia payments

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

Income

ESFA grants

1. The main sources of income for the academy are the grants from the ESFA. The receipt of these sums is monitored directly by the CFO and the Deputy CFO who are responsible for ensuring that all grants due to the trust are collected.

Other grants

2. The receipt of these sums is monitored directly by the CFO and Deputy CFO who are responsible for ensuring that all grants due to the Trust are collected.

Trips

3. A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. Individual academies within the Trust must put into place an appropriate system of collecting and receipting and banking income for educational visits.
4. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. If the academy decides to subsidise the educational visit the amount of subsidy must be approved by the CFO in advance of the booking being made.

Catering

5. Cash payments must be reconciled on a daily basis by Academy Finance Leads to the lunch records and signed as evidence of reconciliation. Academy meal numbers and cash totals are to be entered onto the weekly banking sheet. The cash is kept in the safe prior to weekly collection for banking.
6. If electronic cash collection, credits on Academy bank statements are to be reconciled onto the Finance system in the first instance. Monthly checks must be undertaken by Academy Finance Leads and cross referenced to a sample of individual pupils.

Lettings

7. Academy Finance Leads are responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
8. Details of organisations using the sports facilities will be held by academies within the Trust who will produce a sales invoice from the finance accounting system or from Gladstone.
9. Copies of the organisations up to date relevant Public Liability, Indemnity, Insurance and Qualifications (where relevant, e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually by the Academy Headteacher/Principal and the Director of Operations.
10. Where academies use a letting agent, the above responsibilities lie with them.

Sundry trust and academy generated income

11. Income from other sources must be regularly banked and entered onto to the finance system using the most appropriate ledger code.

Bad Debts

12. Write offs need to be in line with the Scheme of Delegation and in line with the limits set out in the Academies Financial Handbook.
13. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Trust will obtain approval from the Finance Scrutiny Committee to write off this amount.
14. The following write off limits apply:
 - Transactions >1% of annual income or £45k individually or 5% of annual income cumulatively – Finance Scrutiny Committee on behalf of the Board of Trustees
 - Amounts above this must be approved by the ESFA

Purchasing

15. The Trust must achieve value for money on all purchases. A large proportion of all purchases are paid for with public funds and as such integrity of these funds must be achieved by following the general principles of:
 - Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy
 - Accountability, the academy 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

Routine Purchasing

16. Budget holders should be informed of the budget available to them. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

Orders

17. All orders must be made, or confirmed, in writing using an official order forms which are available electronically from the finance staff. Invoices received for items/services that have not followed the Trust's order authorisation process should be brought to the attention of the CFO and Academy Headteacher/Principal for review.
18. Orders must bear the signature of the budget holder and must be forwarded to the finance staff. The Trust and Academy Finance Leads will check to ensure adequate budgetary provision exists before placing the order. The Trust Finance Lead and / or CFO will approve orders as and when appropriate.
19. Approved orders will be recorded in the purchase order module of finance system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier by finance staff.
20. On receipt of goods the Trust / Academy must ensure a process is in place that includes a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay. There must be sufficient segregation of duties between the person placing, paying and checking of the ordered items.
21. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the finance staff should be notified.
22. All invoices should be sent to the finance staff for processing. Invoice receipt will be recorded by finance staff (and the invoice scanned into the finance system purchase ledger module) The Deputy CFO and Finance staff must ensure that:
 - invoice arithmetically correct
 - invoice posted to purchase ledger
 - goods/ services received
 - goods/services as ordered
 - prices correct
 - invoice authorised for payment
 - payment authorised
 - VAT treated correctly
 - payment is made
23. If a budget holder needs to pursue a query with a supplier then relevant finance staff must be informed of the query and periodically kept up to date with progress.
24. Trust / Academy finance staff then input details of payments to be made to the purchase ledger and generate the BACS payment run. The associated paperwork must be authorised by CFO, Academy

Headteacher/Principal and Academy Finance Lead. The CFO will authorise and release the final payment run.

25. Order Purchasing Limits:

- Primary Academy Headteacher/Principals can authorise orders up to £10k (excl VAT) for expenditure that is made within the approved annual budget.
- Secondary Academy Headteacher/Principals may authorise orders up to £15K (excl VAT). They may delegate and set expenditure limits to Academy finance staff below this threshold.
- The CFO can authorise orders up to £50K (excl VAT) for expenditure that is made within the approved annual budget.
- The AO can authorise orders up to £75K (excl VAT) for expenditure that is made within the approved annual budget.
- The Board of Trustees must approve all single transaction expenditure above £75K (excl VAT).

Orders or agreements over £3,000 but less than £50,000 (for the total cost of the service excl VAT)

26. The principles of best value for money must be applied across the Trust. For low value orders up to £3,000 the Trust must seek to procure goods and services that are competitively priced and are fit for the purpose required. Whilst formal quotes are not required, the Trust will seek to ensure best value for money when making any purchase by making price comparisons.
27. At least three written quotations should be obtained for all orders between £3,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the trust finance staff for audit purposes. Telephone quotes are acceptable if these are evidenced and written confirmation of quotes has been received before a purchase decision is made in accordance with value for money principles. Evidence of the quotes should be scanned and attached electronically to the purchase invoice via Finance system to evidence that a value for money exercise has taken place.
28. In certain cases (i.e. for unusual or bespoke goods or services) where it has not been possible to obtain 3 like for like quotes the approval of the CFO must be obtained in writing before placing an order.
29. The Trust will use an appropriate *Purchasing Framework* to secure best value on all expenditure for goods and services up to £50,000.

High Value Orders over £50,000

30. All goods/services ordered with a value of over £50K, or for a series of contracts which in total exceed £50K, are subject to formal tendering procedures.
31. Before entering into high value expenditure for goods or services above £50K, the Director of Operations must be consulted for advice. The Director of Operations will work alongside the CFO to ensure compliance with Trust policies and the Academies Financial Handbook.
32. The Trust may commission the external procurement support services of *Schools Buying Club* to review all contracts for services above a total contract value of £75,000.

Official Journal of the European Union

33. Purchases over £181,302 (good and services) or £615,278 (pupil meals catering) are to be dealt with in accordance with OJEU legislation.
34. The Trust can commission the external support services of Schools Buying Club to oversee, advise and ensure compliance of service tenders that exceed OJEU limits. Alongside the support of Schools Buying Club, the Trust can also use *Public Sector Purchasing Frameworks* to ensure compliance and demonstrate value for money.

Goods and services for private use

35. No goods are ordered or services provided to include any elements of private use by Trustees, local members of governing committees and or employees.

Forms of Tenders

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

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with CFO and Director of Operations how best to advertise for suppliers, e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,

- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders,
- only one or very few suppliers are available,
- extreme urgency exists,
- additional deliveries by the existing supplier are justified.

Preparation for Tender

37. Full consideration should be given to:

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

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

39. A tender brief must always be prepared and is reviewed by the Director of Operations and the CFO.

Invitation to Tender

40. If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

41. An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response
- dates for decision and work to be delivered

Tender Acceptance Procedures

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

Tender Opening Procedures

43. All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons with appropriate delegated authority should be present for the opening of tenders. Trust wide contracts and those exceeding £100K must also have a member of the Board of Trustees present.

Tendering Procedures

44. 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.

45. Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise, or be seen to compromise, their independence.

46. Full records should be kept of all criteria used for evaluation and for contracts over £50K and a report should be prepared for the Board highlighting the relevant issues and recommending a decision. For contracts under £50K the decision and criteria should be reported to LGCs for their information.

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

Insurance

48. The Board of Trustees reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for the Trust property when off the premises.

49. Academy Headteacher/Principal must ensure all valuable items are securely stored when not being used and when in use treated in an appropriate manner.
50. Academy Headteacher/Principal are responsible for ensuring that an up to date asset register is in place and routinely updated and independently checked.

Trustee / Governors Expenses

51. All Trustees / governors of this Trust are entitled to claim the actual costs, which they incur as follows:
 - childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)
 - cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
 - the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
 - the cost of travel relating only to travel to meetings / training courses at a rate of 45 pence per mile which does not exceed the specified rates for school personnel
 - travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the any other source
 - telephone charges, photocopying, stationery, postage etc.
 - any other justifiable allowances
52. The Trustees / local governors acknowledge that:
 - Trustees / governors are not to be paid an attendance allowance
 - Trustees / governors are not reimbursed for loss of earnings
53. Trustees / governors wishing to make claims under these arrangements, must complete a claims form, available from their clerk, together with the relevant receipts. The form must be submitted to finance staff when they will be submitted for approval by the Chair of Trustees / Governors for final approval.
54. Claims will be subject to independent audit and may be investigated by the Chair of Trustees (or CFO in respect of the Chair of Trustees) if they appear excessive or inconsistent.

Gifts

55. Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £50 are reported to the AO in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the Trust / Academy for items other than travel expenses. Gifts that have been reported are entered onto the gifts and hospitality register.

Related Party transactions and Connected Party transactions

56. The Trust and all constituent Academies must ensure that an up to date *Declaration of Interests* register is in place for all connected parties (members, Trustees, local governors, employees)
57. *Declaration of Interest* Registers should be reviewed annually.
58. No member, Trustee, local governor, employee or related individual is permitted to use their connection to the trust or academies within for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust.
59. Trading with related of connected parties will be in line with the limits stipulated in the Academies Financial Handbook. The Trust will not pay more than 'cost' for goods or services provided to it by the persons or organisations connected to the trust.
60. The Trust will report all transactions with related parties to the ESFA in advance of the transactions taking place via the online form.
61. The Trust will obtain the ESFA's approval for transactions with related parties that are novel, contentious and/or repercussive.

Fraud

1. The Trust does not tolerate fraud. Where instances of fraud are found the AO will notify the ESFA paying due regard to the values indicated in the Academies Financial Handbook.

Whistleblowing

1. It is the responsibility of the Board of Trustees to approve the Whistleblowing Policy that is endorsed by all Academies within the Trust. A copy of the Trust's Whistleblowing Policy is published on the CLT website.

Leasing

1. The Trust must only enter into low-risk operating lease agreements in line with the requirements of the Academies Financial Handbook.
2. All lease agreements are signed by the CFO and a copy held centrally for external audit inspection.
3. Finance leases that represent borrowing are not permitted without EFSA approval.

VAT

VAT 100 form

1. The CFO is responsible for ensuring that the VAT 100 form is submitted regularly and is compliant with HM Revenue and Customs for claiming the correct levels of VAT.

Fixed assets

1. All items purchased with a value over £2,000 must be entered on the fixed asset register with the following details:
 - asset description
 - asset number
 - serial number
 - date of acquisition
 - asset cost
 - source of funding (% of original cost funded from grant and % funded from other sources)
 - expected useful economic life
 - depreciation
 - current book value
 - location
 - academy/person responsible for the asset
2. The asset register helps:
 - ensure that staff take responsibility for the safe custody of assets
 - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
 - to manage the effective utilisation of assets and to plan for their replacement
 - help the external auditors to draw conclusions on the annual accounts
 - support insurance claims in the event of fire, theft, vandalism or other disasters
3. Examples of items to include on the asset register include:
 - ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
 - Reprographic equipment – photocopiers, comb binders, laminators
 - Office equipment – fax machines, shredders, switchboard
 - Furniture
 - AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
 - Cleaning equipment – vacuum cleaners, polishers
 - Catering equipment – ovens, fridges, dishwashers, food processors
 - Technology equipment – sewing machines, craft machinery
 - Premises equipment – lawn mowers, power tools, generators
 - Other equipment – musical instruments, PE equipment
 - Mini buses

Security of assets

4. All the items in the register are permanently and visibly marked as the Trust's property.
5. Equipment is, where possible, stored securely when not in use.
6. An independent annual count is undertaken by individual Academies, this must be carried out by a person who is different from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the LGC or, if the value is appropriate under the Scheme of Delegation, to the Board of Trustees.

Disposals

7. Disposals, where applicable, are in line with the Academies Financial Handbook and the Trust's Scheme of Delegation.
8. Items to be disposed of by sale or destruction must be authorised for disposal by the CFO and, where significant, should be sold following competitive tender.

Loan of Assets

9. Items of Trust property must not be removed from academy premises without the agreement of the Headteacher/Principal. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.
10. If assets are on loan for extended periods, or to a single member of staff on a regular basis, the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's external auditors.