

**Southport
Learning
Trust**



FINANCIAL HANDBOOK

Policy Approved: March 2020
Policy Renewal: September 2022

Reviewed by the SLT MAT Board

'The Trustees of Southport Learning Trust are committed to safeguarding and promoting the welfare of children and young people at every opportunity and expect all staff and volunteers to share this commitment.'

Contents

Trust Details	1
Introduction	2
Financial Policy and Overview.....	2
Part 1: Roles and Responsibilities	3
1.1 Trust Board including sub-committees.....	3
1.2 Responsibilities of Trustees	3
1.3 Responsibilities of the Trust’s Accounting Officer	5
1.4 Headteacher.....	6
1.5 Responsibilities of the Executive Director	6
1.6 Responsibilities of the Department for Education (DfE).....	6
1.7 Responsibilities of the Education & Skills Funding Agency (EFSA).....	6
1.8 ESFA Intervention Powers.....	7
1.9 Register of Business Interests	7
Part 2: Scope of Financial Handbook	7
Part 3: Amendments	8
Part 4: Finance and Governance	8
4.1 Accounting Principles and Periods.....	8
4.2 Financial Oversight.....	9
4.3 Financial Planning	9
4.3.1 Financial Plan	9
4.3.2 Budget Process.....	10
4.3.3 Virement	10
4.3.4 Balanced Budget	10
4.4 Central Services.....	12
4.5 Taxation.....	12
4.5.1 Value Added Taxation	12
4.5.2 Corporation Tax	13
4.5.3 Income Tax.....	13
4.6 Internal Controls	13
4.6.1 Income	13
4.6.2 Grant Income	13
4.6.3 Lettings Income.....	14
4.6.4 Credit control	14
4.6.5 Write-offs and Bad Debts.....	14

4.7 Budget Control and Limits of Delegated Authority.....	14
4.8 Segregation of Duties.....	15
4.9 Banking.....	15
4.10 Investment.....	16
4.11 Treasury Management.....	16
4.12 Borrowing.....	16
4.13 Cash Security and Management.....	17
4.14 Reconciliation.....	17
4.15 Payroll.....	18
4.15.1 Amendments.....	18
4.16 Expenses and Allowances.....	18
4.17 Assets.....	19
4.17.1 Disposals.....	20
4.17.2 Loan of Assets.....	20
4.17.3 Loss of Equipment.....	20
4.18 Insurance.....	20
4.19 Charge Cards.....	21
4.20 Leasing.....	21
4.21 Gifts and Hospitality.....	22
4.22 Risk Management.....	22
4.23 Retention of Records.....	22
4.24 Month End Procedures.....	22
4.25 Financial Reporting.....	24
4.25.1 Reports for Internal Use.....	24
4.25.2 Reports for External Bodies.....	24
4.26 Proper and Regular use of Public Funds.....	24
4.27 Trading with Related parties.....	25
4.27.1 Reporting and approval of related party transactions.....	27
4.28 Novel, contentious and/or repercussive transactions.....	27
4.28.1 Special staff severance payments.....	28
4.28.2 Compensation payments.....	28
4.28.3 Ex gratia payments.....	28
4.28.4 Reporting Novel, contentious and/or repercussive transactions.....	28
4.29 Whistleblowing.....	30
4.30 Financial Complaints Handling.....	30

4.31 Anti-Fraud, Corruption & Bribery Policy	30
Part 5: Purchasing and Procurement	31
5.1 Procurement Policy	31
5.1.1 General Principles	31
5.1.2 Purchasing Thresholds	32
5.1.3 Tendering	32
5.1.4 Types of Tenders	32
5.1.5 Use of Frameworks	33
5.1.6 Dispensations	33
5.1.7 Sustainability	34
5.1.8 Supplier Management	34
5.1.9 Contract Agreement/Terms and Conditions.....	34
5.2 Requisitions and Purchase Orders	34
5.3 Agency Staff	35
5.4 Goods Received.....	35
5.5 Payment of Invoices.....	35
5.6 Petty Cash	36
Part 6: Audit Requirements	37
6.1 Statutory Audit.....	37
6.2 Removal of Auditors.....	37
6.3 Group Auditors and consolidation.....	37
6.4 Regularity Audit	38
6.4.1 Accounting Officer's statement	38
6.4.2 Auditor's review of regularity	38
6.5 Funding audit	38
6.6 Internal audit.....	38
6.7 National Audit Office and Public Accounts Committee	39
6.8 Audit access rights	39
Part 7: Provision of Information.....	39
Part 8: Systems and Data Security	40
Annex A: Definitions.....	42
Annex B: Request for staff change.....	45
Annex C: Document Control	46

Trust Details

Chair of the Board	Dr Richard Hadji	
Members & Trustees	Full details are available at www.southportlearningtrust.org	
Chief Executive Officer /Accounting Officer	Mr Ian Raikes	
Executive Director / Chief Financial Officer	Mrs Anna Smith	
Executive Management Team	Mr Ian Raikes Mrs Anna Smith Ms Davina Aspinall (Headteacher of Maghull High School) Ms Christina Jackson (Headteacher of Kew Woods Primary School) Mr Neil Moore (Headteacher of Stanley High School)	
Director of Finance and Company Secretary	Mr Robin Buchanan Brown	
Company name	Southport Learning Trust	
Registered office	Fleetwood Road Southport PR9 9TF	
Company registration number	07790934 (England and Wales)	
VAT Number	N/A (Not Registered)	
Academies operated	Location Greenbank High School Southport Stanley High School Southport Kew Woods Primary School Southport Maghull High School Maghull	Headteacher Mr Ian Raikes Mr Neil Moore Ms Christina Jackson Ms Davina Aspinall
External Auditor	MJH Accountants Limited	
Internal Auditor	UHY Hacker Young Manchester LLP	
Bankers	Lloyds Bank PLC	
Solicitors	Browne Jacobson LLP	

Introduction

The purpose of this Financial Handbook is to ensure that the Southport Learning Trust maintains and develops systems of financial control, which conform to the requirements good financial management and control, such that it meets the requirements of the funding agreement with the Education and Skills Funding Agency (ESFA) and the Academies Financial Handbook. This Handbook provides instruction on the accounting procedures and financial regulations, which **must** be adhered to by all staff involved in any aspect of financial administration within the Trust.

Compliance with this Financial Handbook is mandatory, and any contravention of procedure must be brought to the attention of the Accounting Officer, who is the Chief Executive Officer of the Trust.

The Trust's Finance and Audit Committee are responsible for reviewing all controls and procedures of financial systems operating within the trust.

This Handbook will be kept under regular review and updated and amended as instructed by the Finance and Audit Committee as and when matters arise such that revision is required. A key trigger for this the revision of ESFA Academies Financial Handbook and other changes to legislation.

Financial Policy and Overview

It is the Trust's Policy to continually review and maintain a budgeting and accounting control system which:

- provides a framework for strategic planning and budgeting
- enables income and expenditure to be identified and controlled
- ensures accounts can be prepared which give a true and fair view of the state of all financial affairs across the Trust
- take into account statements of standards accounting practices and disclosure requirements issued by the DfE and ESFA
- enables the Trust to complete the regular financial returns required by the ESFA by the due dates
- safeguards the Trust's assets.

Such systems must:

- be cost effective
- comply with all statutory requirements and other regulations relevant to the constitution and activities of the schools within the Trust
- be easily understood by members of the school staff responsible for its operation.

Accountability is a fundamental part of the academies and free schools programme and of public life generally. For academy trustees this brings specific duties to safeguard the Trust's resources, to avoid conflicts of interest and to promote transparency through the publication of accounts.

Part 1: Roles and Responsibilities

1.1 Trust Board including sub-committees

All members of the Trust Board are ultimately responsible for controlling the finances of the Trust and its Academy schools.

The day-to-day management of the Trust is delegated to the Chief Executive Officer who acts via the Executive Management Team.

Individual school Local Governing Bodies (LGB's) are sub-committees of the Trust Board and responsibility is delegated in accordance with the published Scheme of Delegation.

The Trust Board and LGB's are responsible for ensuring that any grant received is used in accordance with the intended purpose and must take steps to ensure that the financial management and procedures are such as to enable it to fulfil its obligations.

The Trust Board will keep under review its financial management arrangements and make amendments, as necessary. Both the Trust's External Auditors and Internal Auditors will advise the Trust Board via the Finance and Audit Committee where they feel such amendments to be necessary.

This Financial Handbook will be reviewed annually by the Finance and Audit Committee and updated as necessary in response to both internal and external review. The procedures must always comply with DfE and ESFA requirements.

Compliance with this Financial Handbook is mandatory, and any contravention of procedure must be brought to the attention of the Accounting Officer, who is the Chief Executive Officer of the Trust.

Finance and Audit Committee

Finance and audit management is a function of the Trust Board who will provide assurance over the suitability of, and compliance with, the Trust's financial systems and controls.

Employees of the Trust should not participate as members of the Finance and Audit committee. The Chief Executive Director and Executive Director are both employees and should attend to provide information and participate in discussions.

1.2 Responsibilities of Trustees

The Trust Board has wide responsibilities under statute, regulations, and the funding agreement. Principally, it is responsible for ensuring that the Trust's funds are used only in accordance with the law, its articles of association, funding agreement, the Academies Financial Handbook, and this Handbook. The Trust Board has wide discretion over its use of the Trust's funds, which it **must** discharge reasonably and in a way that commands broad

public support. It is responsible for the proper stewardship of those funds, including regularity and propriety, and for ensuring economy, efficiency, and effectiveness in their use – the three key elements of value for money.

Academy trusts are companies limited by guarantee and exempt charities. The Trust Board is subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them. The key requirements are reflected in the Articles of Association, the Funding Agreement, and the ESFA's Academies Financial Handbook.

Trustees **must** understand their statutory duties as company directors as set out in the Companies Act 2006. These comprise the duties to:

- act within their powers;
- promote the success of the company;
- exercise independent judgement;
- exercise reasonable care, skill and diligence;
- avoid conflicts of interest;
- not to accept benefits from third parties; and
- declare interest in proposed transactions or arrangements.

These duties are especially relevant when entering into transactions with related parties.

The Trust Board must provide details of the academy Trust's governance arrangements in the governance statement published within its annual accounts. A key feature is trustees' review of governance including a consideration of the composition of the board in terms of skills, effectiveness, leadership, and impact.

1.3 Responsibilities of the Trust's Accounting Officer

The Accounting Officer of Southport Learning Trust is named as the Chief Executive Officer.

The role of Accounting Officer includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to the ESFA's Accounting Officer, for the financial resources under the Trust's control.

The Accounting Officer **must** be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly with respect to regularity, propriety, and value for money.

The Accounting Officer **must** complete and sign a statement each year demonstrating how the Trust has secured value for money, using the published ESFA template. Trusts **must** submit it to ESFA by 31 December and publish it on the Trust's website by the end of January following the financial year to which the statement relates. The ESFA will also publish these statements.

The Accounting Officer **must** also complete and sign a statement on regularity, propriety, and compliance each year and submit this to ESFA with the audited accounts.

Whilst the Trust's Accounting Officer is accountable for the Trust's financial affairs, for keeping proper financial records, and for the management of opportunities and risks, the delivery of the Trust's detailed accounting processes are delegated to the Executive Director and Director of Finance.

The Accounting Officer **must** take personal responsibility (which **must not** be delegated) for assuring the Trust Board that there is compliance with the handbook and the funding agreement. The Accounting Officer **must** advise the Trust Board in writing if, at any time, in his/her opinion, any action or policy under consideration by them is incompatible with the terms of the Articles of Association, the Funding Agreement or the ESFA's Academies Financial Handbook. Similarly, the Accounting Officer **must** advise the Trust Board in writing if it appears to be failing to act where required to do so by the terms and conditions of the ESFA's Academies Handbook or the Funding Agreement. Where the Trust Board is minded proceeding, despite the advice of the Accounting Officer, the Accounting Officer **must** consider the reasons the Trust Board gives for its decision. If, after considering those reasons the Accounting Officer still considers that the action proposed by the Trust Board is in breach of the Articles of Association, the Funding Agreement or the ESFA's Academies Financial Handbook, the Accounting Officer **must** notify ESFA's Accounting Officer immediately, and in writing.

1.4 Headteacher

It is the responsibility of the Headteacher, under the direction of the Trust Board and Local Governing Body, to:

- ensure full compliance of the Academy with DfE and ESFA financial regulations
- ensure that administrative and financial staff clearly understand their role and the limits of their responsibilities
- ensure that budgetary limits approved by the Trust Board are not breached.

1.5 Responsibilities of the Executive Director

The Executive Director is a member of the Trust's Executive Management Team and is responsible for both advising the Chief Executive Officer and the Trust Board on financial strategy and overseeing the day-to-day operational financial procedures. The Executive Director is also the designated Chief Financial Officer.

Further delegation to a variety of finance staff across the Trust at educational establishments takes place in order that all financial tasks and responsibilities are fulfilled. These additional finance roles include the Director of Finance with responsibilities for managing the finance officers and administrators responsible for data processing.

The specific responsibilities of posts are detailed in individual job descriptions, and lines of delegation are detailed through organisation charts.

1.6 Responsibilities of the Department for Education (DfE)

The DfE has ultimate responsibility and accountability for the effectiveness of the financial system for academies. The DfE is responsible for ensuring there is an adequate framework in place to provide assurance that all resources are managed in an effective and proper manner and that value for money is secured.

1.7 Responsibilities of the Education & Skills Funding Agency (EFSA)

The EFSA is an executive agency of the DfE and acts as the agent of the Secretary of State within an agreed authority to take decisions on their behalf. The EFSA's Accounting Officer is responsible and accountable to Parliament for how EFSA uses its funds. The EFSA's Accounting Officer is also personally responsible for the regularity and propriety of all expenditure of its funds and for ensuring value for money. To discharge these duties, the EFSA's Accounting Officer must be satisfied that an academy trust has appropriate arrangements for sound governance, financial management, securing value for money and accounting, and that the way the Trust uses public funds is consistent with the purposes for which the funds were voted by Parliament.

The EFSA's Accounting Officer will send a 'Dear Accounting Officer' letter annually to all Academy Trust Accounting Officers, setting out their key responsibilities and highlighting any changes from previous years. Accounting Officers must share this letter with their Trustees, Executive Director and Director of Finance.

1.8 ESFA Intervention Powers

Where the ESFA has concerns about financial management and/or governance in an academy trust (including a multi-academy trust or constituent academies within a multi-academy trust) it may issue, and publish, a Financial Notice to Improve (FNtI). The Trust **must** comply with all the terms of an FNtI. Failure to comply will be deemed a breach of the Funding Agreement by virtue of the relationship between the Funding Agreement and the Academies Financial Handbook. In exceptional circumstances the Funding Agreement may be terminated due to non-compliance with the terms of the FNtI.

1.9 Register of Business Interests

The Trust maintains a Register of Business Interests to capture relevant business and pecuniary interests of members, trustees, local governors of academies and senior employees, including:

- directorships, partnerships and employments with businesses that provide goods or services to the Trust;
- trusteeships and governorships including at other educational institutions and charities irrespective of whether there is a trading relationship with the Trust;

For each interest: the name of the business, the nature of the business, the nature of the interest, and the date the interest began.

The Trust will publish on its website the relevant business and pecuniary interest of trustees and members.

Part 2: Scope of Financial Handbook

The Financial Handbook is intended to cover all the financial aspects of the management of Southport Learning Trust. This includes all educational establishments within the Trust, and other cost centres within the organisation.

The Financial Handbook has been prepared to establish policies and to provide a sound framework for the members of staff involved directly or indirectly in the financial affairs of the Trust.

It is not possible to cover every eventuality. If there are specific matters not covered within the Financial Handbook, they shall be resolved within the spirit of the policies and guidelines prescribed herein and good accounting practice.

Regular reviews of all the procedures and policies covered by the Financial Handbook shall be performed having due regard to the need to obtain value for money. All staff shall, therefore, have due regard to economy, efficiency and effectiveness when using resources.

Copies of the Financial Handbook must be held by:

- the Trust Board and all sub-committees including Local Governing Bodies
- the Chief Executive Officer, Executive Director, Director of Finance and the Executive Management Team
- auditors
- key Finance and other personnel involved in any aspect of financial administration across individual establishments
- Academy Headteachers.

Part 3: Amendments

The Financial Handbook has been approved by the Trust Board. The Director of Finance is responsible for the presentation of any proposed amendments to the Trust Finance and Audit Committee.

All enquiries concerning the Financial Handbook must, in the first instance, be directed to the Director of Finance.

Part 4: Finance and Governance

4.1 Accounting Principles and Periods

The accounting principles adopted by the Trust must be in accordance with the guidelines issued by the DfE and the ESFA.

Returns shall be prepared in accordance with the historical cost convention. It is also important in assessing the effectiveness of the Trust's financial control arrangements that there is consistency of accounting treatment to allocating costs between income and expenditure headings on financial returns.

All management accounts, year end accounts and returns are completed on an accrual basis. Income will be shown at the point when it is due to the Trust, whether or not it has actually been received and expenditure at the point when the relevant goods or services are received, whether or not payment has actually been made.

It is not correct to show on returns, including the annual accounts, values for goods which were ordered in the period covered by the return but had not yet been received by the Trust.

Accounting Periods

Financial Year		1 st September to 31 st August
Academic Year		1 st September to 31 st August
Academic Terms	Autumn	1 st September to 31 st December
	Spring	1 st January to 30 th April
	Summer	1 st May to 31 st August

4.2 Financial Oversight

Whilst the Trust Board cannot delegate overall responsibility for the Trust's funds, each Academy's Local Governing Body receives delegated authority via the approved annual budget and written Scheme of Delegation.

The Chief Executive Officer is appointed as Accounting Officer, under the guidance of the Trust Board, and responsibilities include:

- ensuring that all the Trust's property is under the control of the trustees, and measures are in place to prevent losses or misuse, including maintenance of fixed asset registers;
- ensuring that bank accounts, financial systems and financial records are operated by more than one person;
- keeping full and accurate accounting records; and
- preparing accruals accounts, giving a true and fair view of the Trust's use of resources, in accordance with existing accounting standards.

The Director of Finance has been appointed to lead on financial matters. The Director of Finance must play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparation and monitoring of budgets, and ensuring the delivery of annual accounts.

4.3 Financial Planning

4.3.1 Financial Plan

The Trust shall have a Long-term financial plan which:

- ensures that short and medium term financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable
- take a longer 5 year view of the trust's financial plans consistent with the requirement to submit three-year budget forecasts to ESFA
- as part of its management of the trust's funds, explain its policy for holding reserves in its annual report.

The Financial Plan shall be reviewed and updated each year, copies shall be made available to:

- the Executive Management Team and Trustees
- any Governing Body member
- relevant members of staff.

4.3.2 Budget Process

Each year, the Director of Finance issues specific budget guidance which sets out the process and timetable that must be adhered to.

The budgetary process shall ensure that initial and revised budgets have built in contingency to deal with possible external factors such as increasing costs due to pay settlements.

The budget is based upon a hierarchy of assumptions and priorities that are reviewed regularly.

The precise budget timetable is ultimately dictated by the deadline to submit the Budget Forecast Return 3 year to the ESFA, this is usually in July ahead of the start of the next financial year in September. The LGB review and approve the individual school’s budget before final approval by the Trust Board, as a result local approval will take place prior to the Trust Board.

Month	Activity
February – March	ESFA issue funding statements
April	Pupil Number projections Curriculum Plans completed
May	Underlying Budget assumptions
June	Draft Budget
July	Final Budget Approved and Submitted to ESFA

4.3.3 Virement

The approved budget sets each Academy’s ‘approved level of authority to spend’ at each individual budget line. Academies and the Trust are not authorised to spend beyond these limits. Authority to do so must first be sought from the Trust Board, via the Director of Finance, in writing stating the full case/rationale for the proposal. Such requests for variations must be the exception.

To ensure robust financial control, academies, having specifically planned and allocated budgets, must not vire between cost allocations/nominal without having first sought the prior permission of the Director of Finance who will liaise with the Executive Director for final decisions.

4.3.4 Balanced Budget

The Board of Trustees **must** approve a balanced budget across the Trust, and any significant changes to that budget, for the financial year to 31st August, which can draw on unspent funds brought forward from previous years. The Board **must** minute their approval(s).

The Trust must manage cumulative cash balances. Requests to spend against cumulative reserves, which have not been planned for in the budget, must be made in writing to the Director of Finance who will present each case to the Trust Board on behalf of schools.

The Trust **must** submit to the ESFA a copy of the budget forecast in a form specified by ESFA by a date to be notified.

The Board of Trustees **must** notify ESFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year, which it is unable to fund from cumulative revenue reserves.

4.4 Central Services

The Central Services division is funded by a contribution referred to as the Trust Central Fund Contribution, from each of its schools. The Trust Central Fund Contribution is reviewed annually and approved by the Trust Board, and covers the provision of:

- Teaching & Learning Hub
- Safeguarding Hub
- CPOMS software
- Data Protection Co-ordination
- Data Protection Officer
- Governance
- Strategic Planning and Management
- Educational Support Services (by agreement)
- Financial Management and Reporting
 - Day to day transaction processing (banking, purchase, sales, Parent Pay, expenses)
 - Finance software & purchasing portal & online expenses
 - Management reporting
 - Cashflow Management / banking arrangements
 - Budgeting
 - ESFA reporting
 - Annual financial statements & external audit
 - Internal audit
 - Tax
- Asset Management
- Contract Management
- Human Resources Management (Browne Jacobson SLA)
- Employee Benefits Administration (Cyclescheme, Active Workforce, Wellbeing programme)
- Marketing and Publicity
- Legal (Education QuickCall, eg conversion / transfer costs)
- Strategic IT Support
- Strategic Capital Funding Development
- Management of Capital Funding bids
- Estates Support
- Policy Development
- Compliance
- Risk Management
- Insurance arrangements (RPA, OBU, absence insurance, MV insurance).

4.5 Taxation

4.5.1 Value Added Taxation

The Trust is not registered for VAT, but is able to recover VAT on expenditure from public funds via VAT126 returns submitted by the Director of Finance to HMRC. Consequently, all financial returns are stated net of VAT.

4.5.2 Corporation Tax

The Trust must submit a corporation tax return to HMRC when this is required by HMRC, this is not an annual requirement.

4.5.3 Income Tax

The staff across the Trust with responsibility for submitting employee information to the payroll bureau must ensure that all employees' payroll arrangements fully meet their tax obligations and comply with HM Treasury's guidance. Specific attention must be made to the employment and contract arrangements of individuals on the avoidance of tax, as set out in HM Treasury's Review of the Tax Arrangements of Public Sector Appointees.

4.6 Internal Controls

4.6.1 Income

All receipts must be accounted for as they are banked (or as the school are notified of bank transfers) and supporting documentation retained for audit.

Monies received from pupils for school trips must be married up on a trip by trip basis. Any differences between income and expenditure must either be refunded or taken as a donation in accordance with the Charging and Remissions Policy.

Staff are not permitted to operate any bank accounts (or similar). All income and expenditure must be recorded and administered by the Finance Team on the central finance system.

Cash collected must not be replaced with personal cheques by any member of staff.

All cash collected must be passed on to the Finance Team and the monies banked at the earliest opportunity.

4.6.2 Grant Income

Terms and conditions are attached to all grant income received by the Trust's schools and centrally. It is the responsibility of the Director of Finance or other senior responsible Finance Officer to forward a copy of the terms and conditions for each grant received to the Executive Director within 14 days of receipt of the terms and conditions. This must include any grant letter, guidance, contract or other relevant correspondence.

Regularity dictates that each grant must be expended per the terms of the agreement.

It is the responsibility of the Executive Director and Director of Finance or other designated senior responsible Finance Officer to ensure that there are no breaches in regularity in the use of public funds.

Grant income must be appropriately accounted for in the period(s) that it relates to on an accrual basis.

4.6.3 Lettings Income

The scale of charges for lettings and/or for the use of facilities must be approved by the Local Governing Body in writing. Free use and charges below economic cost must be authorised by the Local Governing Body and reported to the Executive Director in writing.

- Lettings arrangements must comply with the Trusts terms and conditions.
- Detailed records of each letting must be retained.
- The following points must be observed:
 - Charges are based hourly
 - A cancellation charge may be made in the event of inadequate notice being given
 - Lettings are to finish promptly at the agreed time.
 - Over-runs may be charged.
 - A cleaning cost may be charged depending upon the nature of the event.

4.6.4 Credit control

The sales ledger shall be reviewed on a regular basis by the Finance Officer or equivalent. Any unpaid, old invoices shall be identified and the debtor followed up with a series of telephone calls to prompt early payment. Details of any follow up action, including telephone conversations, shall be recorded.

Once the debtor becomes more than one month overdue then the customer shall be formally written to requesting payment.

In serious cases of non-payment the matter shall be referred to the Director of Finance who shall raise the issue with the Finance and Audit Committee who will decide upon the appropriate course of action.

Must the payment be overdue for three months it shall be treated on a prudent basis and provided for in the accounts.

4.6.5 Write-offs and Bad Debts

Approval for the authority to write off bad debts is detailed in the Scheme of Delegation.

4.7 Budget Control and Limits of Delegated Authority

It is the Trust's policy to provide a budgetary and reporting system which:

- provides detailed annual budgets which represent the financial implications of delivering each Trust's strategic plan
- encourages participation in the budget and planning process
- continues to portray a professional commercial attitude to the way the Trust manages its finances

- makes people accountable for their activities over which they have delegated responsibility and control
- provides timely and relevant financial information to the Trust
- enables the financial position of the Trust to be monitored and evaluated and provides the opportunity for the implementation of corrective action where necessary
- enables the Trust to make the best use of available resources.

Each year the approved budget sets the school's 'approved level of authority to spend' at each individual budget line. Schools are not authorised to spend beyond these limits. Authority to do so must first be sought from the Trust Board, via the Director of Finance, in writing stating your full case/rationale for the proposal. Such variations are expected to be the exception.

Schools, having specifically planned and allocated budgets, must not vire between cost allocations/nominal without having first sought the prior permission of the Executive Director, who will liaise with the Chief Executive Officer for final decisions.

All staffing budgets are specifically set by post. Like for like replacement of leavers during the year within specific posts already in the budget is authorised. Decisions for additional headcount, increased salaries (aside from the normal pay review process – Teachers Sept / Support April) and new posts not planned in the budget must be referred to the Executive Director, with a business case (see template), for decision. The Chief Executive Officer will review each case.

The Central Team manage individual and cumulative cash balances. As such, requests to spend against cumulative reserves, which have not been planned for in any budget, must be made in writing by the Headteacher to the Chief Executive Officer and Executive Director. Trust Board approval is required in line with the Scheme of Delegation.

4.8 Segregation of Duties

An important element in any control system is the separation of those duties which would, if combined, enable one individual to record and process a complete transaction. The Trust Board must consider carefully how to establish a clear delegation of responsibilities with proper regard to segregation of duties.

There is a need to separate the key functions of authorisation, execution, custody, recording and the development and operation of systems. Effective segregation reduces the risk of error or intentional manipulation.

The Trust Board must be satisfied that there is adequate segregation of duties to ensure that the risk of error or fraud is minimised and where full segregation of duties is not possible that adequate compensating controls are in place.

4.9 Banking

All grants and other income shall be paid into a bank account under the Trust or individual Academy's name as appropriate. Control shall be delegated to the Director of Finance for operating and closing bank accounts on behalf of the Trust.

A register of authorised signatories and the level of approval shall be maintained by the Director of Finance on behalf of the Executive Director.

Acting for the Director of Finance, Finance Officers shall be responsible for the security of bank statements and shall retain details of bank accounts and associated statements in a secure and proper manner.

4.10 Investment

The purpose of the Investment Policy is to set out the processes by which trustees will meet their duties under the Trust's Articles of Association and Academies Financial Handbook issued by the EFA to invest monies surplus to short-term operational requirements in furtherance of the Trust's charitable aims and to ensure that investment risk is properly and prudently managed.

The Trust Board may invest to further the Trust's charitable aims, but **must** ensure that investment risk is properly managed. When considering making an investment the Trust Board **must**:

- act within their powers to invest as set out in their Articles of Association
- have an investment policy to manage, control and track their financial exposure, and ensure value for money particularly if using unfamiliar investment techniques
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser
- ensure that security takes precedence over revenue maximisation
- ensure that all investment decisions are in the best interests of the Trust and command board public support; and
- review the Trust's investments and investment policy regularly.

The Trust Board must follow the Charity Commission's guidance: CC14 Charities and investment matters: A guide for trustees. ESFA prior approval **must** be obtained for investment transactions which are novel and/or contentious.

4.11 Treasury Management

The Trust Board shall plan and conduct its affairs to remain solvent. The EFSA shall be informed immediately if it becomes apparent that spending in excess and advance of income is likely to occur.

4.12 Borrowing

The Trust Board **must** seek the ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable. Credit cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues.

The Secretary of State's general position is that academy trusts will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. For example, the Salix scheme, designed to support energy saving, is available to trusts.

4.13 Cash Security and Management

Monies shall not be counted in public view or left unattended, even temporarily.

Safe shall be kept locked except when in use to deposit or remove monies or other items. Safe keys must be held by responsible persons at all times.

Post-dated cheques must not be accepted for payment.

Where cheques are taken as payment, adequate supporting details shall be entered on the reverse side to connect the payment with the debt.

In instances where a receipt is issued for an incorrect amount then:

- an additional receipt shall be issued for any under-receipted monies
- a new receipt will be issued for any over-receipted monies and the original receipt cancelled.
- receipts will not be altered.

4.14 Reconciliation

On at least a monthly basis the relevant Finance Officers will reconcile the bank statements with the computer records and the Trial Balance.

The Director of Finance will carry out a periodical review of the reconciliation process.

Records of all documents used during the reconciliation process will be retained and shall be kept in a secure and proper manner.

4.15 Payroll

Access to personnel files shall be strictly restricted to those members of staff with delegated responsibility.

Personnel files shall be kept in a locked cabinet at all times, when not in use by authorised staff, and must be returned at the end of each day.

Authorised HR and Finance staff across the Trust shall be responsible for the provision of relevant information to the payroll bureau to enable all wages and salaries to be paid.

4.15.1 Amendments

During the year, the payroll will require updating for starters, leavers, pay rises, promotions etc. Such amendments shall only be passed on to the payroll bureau if they are entered on an appropriate form (electronic or paper as appropriate) and authorised in accordance with the Scheme of Delegation.

All payroll amendments are checked by the Academy's HR/Finance Officer on receipt of reports from the payroll bureau.

4.16 Expenses and Allowances

All claims for payment on standard forms and authorised by the Chief Executive Officer, Executive Director, Headteacher or other authorised signatory.

The authorisation of a claim shall be taken to mean that the certifying member of staff is satisfied that the expenses:

- Comply with the Trusts rates, regulations, and procedures.
- Were properly and necessarily incurred on the Trust's behalf.
- Have been calculated correctly.
- Have not previously been passed for payment.

No member of staff shall be allowed to authorise his/her own claim for the payment of expenses. All claims must be authorised by a more senior person. The Headteacher's claims shall be signed by the Chief Executive Officer. The Chief Executive Officer's claims shall be signed by the Chair of the Trust Board.

Details of the Trust's rules, regulations, and procedures in relation to travel and subsistence claims are contained in the Travel and Expenses Policy.

4.17 Assets

The Trust must seek and obtain prior written approval from ESFA for the following transactions:

- acquiring a freehold of land or buildings
- disposing of a freehold of land or buildings; and
- disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

Other than land, buildings and heritage assets, any other fixed asset can be disposed of without the approval of the ESFA. The disposal must achieve the best price that can reasonably be obtained, and maintain the principles of regularity, propriety, and value for money. This can involve public sale where the assets have a residual value.

Additional guidance is available from the ESFA to help the Trust seek consent for land and buildings transactions. ESFA prior approval **must** be obtained for property transactions which are novel and/or contentious.

Trust assets are those items which are intended for use on a continuing basis in the Trust's activities. Generally, such assets shall have a value of more than £1,000 and a useful economic life of at least four years.

The Local Governing Body of each Academy shall be ultimately responsible for maintaining proper security of all buildings, furniture, equipment, plant, stores, and other assets of the Academy.

It is the responsibility of each Headteacher to maintain an Asset Inventory that contains the details of all separately identifiable assets which comply with the previous definition.

The inventory must hold the details of:

- Additions
- Disposals
- Transfers
- Write-offs
- Damage or loss.

Each member of staff who occupies a post of responsibility shall be responsible for maintaining proper security of all equipment, plant, stores and specialist furniture and all other assets under his/her control. As an added measure of security, all serial numbers of IT and audio-visual equipment shall be recorded and maintained separately within the Asset Inventory.

It is the responsibility of all members of staff to take proper care and attention of the Trust's assets. To this end all rooms holding equipment shall be kept secure when not in use.

4.17.1 Disposals

In accordance with the Scheme of Delegation, appropriate authorisation is required before any assets of the Trust can be written off.

A department disposing of an asset shall not automatically be entitled to the proceeds of such disposal. The Headteacher shall have the discretion to allocate such proceeds to whichever budget heading is determined to be most appropriate.

Where the estimated sale value is less than £250, then the asset may be disposed of by whatever method the Headteacher considers to be the most appropriate and financially advantageous to the Academy. Details of the sale must be recorded by the Asset Inventory system.

Items of furniture and equipment written off shall be physically disposed of. A record of the action shall be made by the Director of Finance and recorded on the Asset Inventory.

4.17.2 Loan of Assets

School assets are publicly funded for the benefit of each Academy's students. As such, the loan of school assets to members of staff is not permitted.

4.17.3 Loss of Equipment

Actual or suspected loss of equipment must be notified to the Headteacher immediately.

Equipment lost or suspected lost must be brought to the attention of the Director of Finance.

4.18 Insurance

The Executive Director shall be responsible for ensuring the Trust has adequate insurance that mitigates the risks facing the Trust. This will include continually reviewing the types of insurance cover to protect against these risks and the level of cover proposed, which at a minimum must meet the requirements of the ESFA.

The Executive Director shall also have the delegated power to authorise any additional or temporary insurance to meet further risks that may arise during the year.

The Headteacher of the Academy and Executive Director must be notified immediately in writing by staff members of any loss, liability or damage or any event likely to lead to a claim by the Academy, or by third parties against the Academy.

4.19 Charge Cards

The Academies holds charge cards, as approved by the Executive Director. Academies are permitted to use charge cards for appropriate purposes where the production of an invoice is impractical, for example when booking tickets. Each transaction must be received with prior written approval of the Budget Holder, Headteacher or the Director of Finance.

Cards must be retained by the cardholder and always kept safe. Sales vouchers, invoices and receipts are passed to the relevant Finance Staff for reconciliation with the bank statement and charge card statement. All transactions are posted to the finance system.

Cards may only be used for Trust purposes and under no circumstances for personal use.

The balance on the cards is paid in full each month by direct debit.

Full procedural guide on using and recording charge card expenditure will be issued to cardholders at the time the card is issued to the individual or when revised.

4.20 Leasing

There are two types of lease:

- operating leases: these do not represent borrowing; and
- finance leases: these are a form of borrowing.

The Trust permits Academies to enter into operating leases, under no circumstances should a lease be entered into without the prior agreement of the Director of Finance.

Operating leases relating to land or buildings require the approval of the ESFA.

In addition, a Trust must obtain prior approval from ESFA for the following leasing transactions:

- taking up a finance lease on any class of asset for any direction from another party (borrowing);
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term or more than five years; and
- granting a leasehold interest, including a tenancy agreement, of any duration, on land or buildings to another party.

All lease arrangements must maintain the principles of regularity, propriety, and value for money, whether or not the prior approval of ESFA is required. The Director of Finance shall seek advice from the external auditor if there is any doubt over whether a lease involves an element of borrowing.

4.21 Gifts and Hospitality

The protocols and procedures regarding the acceptance of gifts, hospitality, awards, prizes, or any other benefit which might be seen to compromise their personal judgement or integrity are detailed in the Trust's Gifts and Hospitality Policy. When giving gifts, the Trust **must** ensure that the value of the gifts is reasonable, is within the Trust's Scheme of Delegation, the decision is fully documented, and has due regard to probity and regularity in the use of public funds.

Please see the Gifts and Hospitality Policy for further details, this is available on the Trust website.

4.22 Risk Management

The Trust Board must make a considered choice about the desired risk profile, taking account of the Trust's legal obligations, business objectives and public expectations.

The Trust **must** recognise, manage, and track future risks arising from its operations, including a likelihood and impact assessment. The Director of Finance is responsible for maintaining the overall Trust Risk Register.

The Executive Director is responsible for reviewing the Contingency and Business Continuity Plan setting out what it would do to ensure its continued operation for approval by the Trust Board.

4.23 Retention of Records

All accounting and financial records across the Trust shall be in accordance with the Retention of Records Policy.

The proper retention of financial records is the responsibility of the Director of Finance. Important documents are kept in a secure and fire-proof location.

Please see the Retention Policy for further details, this is available on the Trust website.

4.24 Month End Procedures

At month end there are accounting activities which must take place to ensure the accounts are a true reflection of the activity which has taken place during the accounting period. There must be a **close off** date where **the period is closed**, and the accounts are produced and analysed, and a commentary is written explaining any significant differences between the budget and actual Year to Date (YTD) and a forecast must be produced showing predicted outturn for each area at the end of the financial year.

Checklists for Journal Processing and Month-End Procedures produced by the Trust's Finance Team must be reviewed and signed off by the Director of Finance.

4.25 Financial Reporting

The Director of Finance is responsible for preparing an annual report and accounts in conjunction with Executive Director and Chief Executive Officer, incorporating accounting policies approved by the Board of Trustees. The accounts must be audited by a statutory auditor.

Financial reports are produced for a variety of different users. These include:

- Academy Headteachers
- Senior Leadership Team
- External Auditors
- OFSTED
- ESFA and DfE
- Finance and Audit Committee
- Local Governing Bodies
- Trust Board
- Chief Executive Officer and the Executive Management Team.

4.25.1 Reports for Internal Use

Internal reporting is based on cost centre information, but the level of detail will depend on the requirements of the end user. For example, department heads will wish to see details of each individual transaction, whereas the Leadership Team will want an overview of the schoolwide situation and details of significant items only.

Following the month-end closedown procedures, monthly management reports are produced for each Academy by the relevant Finance Staff. The Director of Finance produces monthly management accounts for the Trust Board. Notes of Significant variances and relevant explanations where useful are appended to the reports.

4.25.2 Reports for External Bodies

Reports to the ESFA are produced by the Director of Finance and the Executive Director in line with the published ESFA requirements.

Reports for other external bodies, including other government agencies are produced as required in the specified format by the Director of Finance and the Executive Director.

4.26 Proper and Regular use of Public Funds

The Trust must be able to show that public funds have been used as intended by Parliament.

Academy trusts are independent institutions and the financial accountability system set out in the ESFA Financial Handbook reflects this by providing Trusts with autonomy over financial transactions arising in the Trust's normal course of business. Some transactions have delegated authority limits beyond which the Trust **must** seek prior approval of ESFA. If unsure about the approval process, the Trust must contact ESFA for further guidance and application forms.

For further details regarding the principles and disclosure requirements, reference must be made to the ESFA Financial Handbook.

4.27 Trading with Related parties

The Trust **must** pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include services provided under a contract of employment):

- any member or trustee of the Trust
- any individual or organisation connected to a member or trustee of the Trust. For these purposes, the following persons are connected to a member, or trustee:
 - A relative of the member or trustee. A relative is defined as: a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
 - An individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
 - A company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
 - An organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes, an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes
- any individual or organisation that is given the right under the Trust's Articles of Association to appoint a member or trustee of the Trust; or anybody related to such individual or organisation
- any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or anybody related to such individual or organisation.

A body is related to another individual or organisation if it; is controlled by the individual or organisation; or controls the organisation; or is under the common control with the individual or organisation. For these purposes control means:

- holding more than 20% of the share capital (or equivalent interest); or
- having the equivalent right to control management decisions of the body; or
- having the right to appoint or remove a majority of the board or governing body.

The 'at cost' requirement applies to contracts for goods and services from a connected party:

- agreed by the Trust on or after 1 September 2017; and
- exceeding £2,500, cumulatively, in any one financial year of the Trust.

For these purposes, where a contract takes the Trust's cumulative annual total with the connected party beyond £2,500, the element above £2,500 must be no more than cost.

In relation to organisations supplying legal advice or audit services to the Trust, the 'at cost' requirement applies where the organisation's partner directly managing the services is a member of trustee of the trust, but not in other cases for those organisations. The Companies Act 2006 and the ethical standards of some professions also contractual requirements which may prevent certain professionals from acting as a trustee of the Trust.

The 'at costs' requirements do not apply to the Trust's employees unless they are also one of the parties described above.

The Trust must ensure that any agreement with an individual or organisation referred to above to supply goods or services to the Trust is properly procured through an open and fair process and is:

- supported by a statement of assurance from that individual or organisation to the trust confirming that their charges do not exceed the cost of the goods or services; and
- on the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

For these purposes the cost will be the 'full cost' of all the resources used in supplying the goods or services. Full costs includes:

- all direct costs (the costs of any materials and labour used directly in producing the goods or services); and
- indirect costs (comprising a proportionate and reasonable share of fixed and variable overheads).

Full cost **must not** include an element of profit.

Whilst these provisions do not apply to contracts of employment, the same principles of securing value for money and using public money properly, including managing conflicts of interest, will still apply. Salaries paid must be appropriate to the individual's skills and experience and the salary rates paid in the wider market.

4.27.1 Reporting and approval of related party transactions

The Trust must report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line form. This requirement applies to all such contracts and agreements made on or after 1 April 2019.

The Trust must obtain ESFA's prior approval, using ESFA's related party online form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:

- a contract or other agreement exceeding £20,000
- a contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £20,000 in the same financial year ending 31 August.

For the purposes of reporting to, and approval by, ESFA contracts and agreements with related parties do not include salaries and other payments made by the trust to a person under a contract of employment through the trust's payroll.

4.28 Novel, contentious and/or repercussive transactions

Novel, contentious and/or repercussive transactions must always be referred to ESFA by the Executive Director for prior approval. ESFA may refer such transactions to HM Treasury for approval, so the Trust should allow sufficient time for proposals to be considered.

- Novel transactions are those of which the academy trust has no experience or are outside its range of normal business.
- Contentious transactions are those that might cause criticism of the trust by Parliament, the public or the media.
- Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

Certain transactions by public bodies may fall outside their usual planned range of activity and may exceed statutory and contractual obligations. HM Treasury calls these special payments, and are subject to greater control than other payments. They include:

- staff severance payments
- compensation payments
- ex gratia payments.

4.28.1 Special staff severance payments

Special staff severance payments are paid to employees outside statutory or contractual requirements when leaving public employment. They are different to ex gratia payments.

If the Trust is considering a staff severance payment above statutory or contractual entitlements, it must consider the following issues before making a binding commitment:

- that the proposed payment is in the Trust's interests
- whether the payment is justified, based on legal assessment of the Trust's chances of successfully defending the case at employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified, especially if the costs of a defence are likely to be high. Where a legal assessment suggests the Trust is likely to be successful, a settlement should not be offered.
- if the settlement is justified, the Trust would need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award.

The Trust has delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000 gross (i.e. before income tax or other deductions). Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, (gross, before deductions), the ESFA's prior approval must be obtained before making any binding offer to staff. The ESFA will refer such transactions to HM Treasury, so Trusts should allow sufficient time for proposals to be considered.

The Trust should demonstrate value for money by applying the same scrutiny to a payment under £50,000 as those over £50,000, and have a justified business case. Settlements must not be accepted unless satisfying the conditions in this handbook and in ESFA's guidance and submission template.

4.28.2 Compensation payments

Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property.

Academy trusts have delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the trust is considering a non-statutory/non-contractual payment of £50,000 or more ESFA's prior approval must be obtained. ESFA will refer such transactions to HM Treasury.

4.28.3 Ex gratia payments

Ex gratia payments are another type of transaction going beyond statutory or contractual cover, or administrative rules.

Ex gratia transactions must always be referred to the ESFA for prior approval. HM Treasury approval may also be needed. If trusts are in doubt about a proposed transaction, they should seek ESFA advice.

4.28.4 Reporting Novel, contentious and/or repercussive transactions

The Trust must always be able to demonstrate value for money in all special payment. This will be achieved by a business plan being prepared, this will incorporate legal advice. The approval of the special payment business plan by the Chief Executive Director and Executive Director must be based on careful appraisal to ensure compliance with the ESFA Academies Financial Handbook and value for money. Additionally, the special payment will be approved in line with the Trust's Scheme of Delegation.

4.29 Whistleblowing

The Trust procedures for whistleblowing are documented in the Whistleblowing Policy.

Furthermore, the Trust **must** ensure that the use of confidentiality clauses associated with staff severance payments do not prevent an individual's right to make disclosures in the public interest (whistleblowing) under the Public Interest Disclosure Act 1998.

4.30 Financial Complaints Handling

For the purpose of this section, a complaint is defined as an expression of dissatisfaction. Complaints may be received from:

- staff
- external funders
- governors / sponsors
- auditors
- members of the public.

In the event that the Trust wishes to register a complaint with an external organisation e.g. funders, auditors etc., this will be facilitated and managed via the Director of Finance. The Director of Finance will liaise with and obtain approval from the Trust Board before any formal complaint is registered with an external organisation.

4.31 Anti-Fraud, Corruption & Bribery Policy

The Trust is committed to the highest standards of probity and accountability and has a zero-tolerance policy towards fraud, bribery and any form of dishonesty in its transactions. The Trust procedures are details in the Anti-Fraud, Corruption & Bribery Policy.

The Board of Trustees must notify ESFA, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year.

Unusual or systematic fraud, regardless of value, must also be reported. The following information is required:

- full details of the event(s) with dates
- the financial value of the loss
- measures taken to prevent recurrence
- whether it was referred to the police (and if not why)
- whether insurance or the RPA have offset any loss.

The Executive Director will be responsible for collating and reporting the above information to the ESFA on behalf of the Trustees, once an appropriate investigation, has been carried out to establish the facts. A third party will be utilised where appropriate to lead on the investigation.

Part 5: Purchasing and Procurement

5.1 Procurement Policy

The Trust has implemented a Procurement Policy which details the procedures to be followed when making purchasing decisions regarding goods or services.

Procurement is the process whereby goods, services and works are acquired. The procurement process spans a life cycle from identification of need and resources, through selection of suppliers, purchasing, contract management and disposal. Purchasing is the transactional process of buying the goods/services and is just one part of Procurement.

As a publicly funded organisations Southport Learning Trust in accordance with procurement legislation is a 'Contracting Authority'. Subsequently, any procurement activity is regulated by the UK Public contracts regulations and EU procurement law. Any procurement activity must be carried out in a transparent and non-discriminatory manner.

5.1.1 General Principles

When purchasing and contracting for goods and services the Trust must always demonstrate compliance with procurement legislation and the proper and effective use of public funds. Purchasing procedures should also ensure that the goods, services and works procured are for the correct quantity and quality, arrive on time and achieve best value. The following general principles must therefore be adhered to:

- **Transparency and Non-Discrimination**

In all purchasing activity the Trust must ensure that all contractors, suppliers and service providers are treated equally and without discrimination and must act in a transparent and proportionate manner. Procurement procedures must not be undertaken in a manner which artificially narrows competition, favours, or disadvantages any contractor, supplier, or service provider.

- **Probity**

It must be demonstrable that all parties are dealt with on a fair and equitable basis and that there is no private gain, favouritism or corruption involved in any dealings of the Trust.

- **Accountability**

The Trust is publicly accountable for its expenditure and can clearly demonstrate that public funds have been used for the purpose intended.

- **Value for Money**

The achievement of value for money underpins the appropriate use of all public funds, therefore as well as striving to achieve the best price possible for all purchases, consideration should also be given to other factors such as quality, suitability, availability, reliability of the supplier, terms available etc.

The Trust's funds must not be used to purchase alcohol for consumption, except where it is to be used in religious services.

5.1.2 Purchasing Thresholds

There are two types of threshold governing the procurement for the Trust and Academies. Firstly, authority to commit expenditure, which is covered in the scheme of delegation and secondly the procurement process which is governed by the anticipated lifecycle cost of the procurement.

- Below £2,500 – ensure that purchase is in line with Best Value.
- £2,500 - £49,999 – three written quotations from suitable suppliers/contractors
- Any expenditure over £49,999 will be subject to formal tendering procedures.
- £50,000 - £181,302 – advertise on contracts finder website and invite a minimum of three tenders following advertisement unless an appropriate framework may be used.
- Over £181,302 EU compliant tender procedure or use of EU compliant framework.

5.1.3 Tendering

The Central Procurement Team will select and manage the most appropriate procurement process in accordance with the anticipated value, any potential aggregation and Trust tendering guidelines which are compliant with current procurement legislation. This may include the use of Frameworks, Dynamic Purchasing systems, or bespoke tenders.

Tendering procedures may take up to six months depending on lifecycle costs and compliance with legislation, failure to programme sufficient time for procurement will not be a reason to grant a dispensation.

The Trust may decide to seek appropriate professional advice or outsource the tender management where appropriate. This approach can be cost effective, ensure value for money, and make certain procurement legislation is adhered to.

Where capital projects are project managed by the third parties such as the Trust appointed Building Surveyors, the responsibility for the tender management will be included within the project management. The third party will be required to complete tender process with the in line with this policy and the UK Public contracts regulations and EU procurement law. The Trust will maintain continue oversight of this process.

Any communication or post tender bid clarification with suppliers will be led by the Central Procurement Team for centrally managed tenders.

5.1.4 Types of Tenders

There are three forms of tender procedure: open, restricted, and negotiated. The Central Procurement Team will assess which is most appropriate on a case-by-case basis.

- **Open Tender**
This is where all potential suppliers are invited to tender. 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. This is preferred when the administration cost would outweigh the potential benefits of an open tender, for example where many suppliers would come forward with little differentiation in price or quality, or only a very few numbers of supplier can be expected to meet the specific requirements.
- **Negotiated Tender**
The terms of the contract may be negotiated with one or more chosen suppliers. This should only be used in very limited circumstances, for example where there is a sole supplier of the required goods/service, extreme urgency is required, or it is addition to an existing supply.

5.1.5 Use of Frameworks

Frameworks are a type of contract the Trust can use to buy goods or services. The frameworks consolidate the purchasing power of lots of individual public sector organisations. The framework providers carry out a tendering exercise in compliance with UK and EU procurement legislation. The Trust is a member and therefore has access to a range of frameworks. These contracts act as an 'umbrella agreement' that sets out the terms (particularly relating to price and quality) under which individual purchases (call-offs) can be made, at which point a contract is formed between the Trust and supplier.

5.1.6 Dispensations

In limited circumstances a dispensation from the requirement to obtain alternative quotes may be granted. This may include authority to solicit a single quotation, to award a contract or place an order without having obtained the requisite number of tenders or quotations or to directly award a contract.

All dispensations require prior approval from the Executive Director before progressing and must not result in a breach of procurement legislation or be contrary to the Trust Scheme of Delegation.

Dispensations from the requirement for competitive quotations / tenders must not be used to avoid competition, or for administrative convenience, or to award fresh / further work to a supplier originally appointed through a competitive procedure.

Subject to approval as outlined in the Trust scheme of delegation, dispensations may be granted for the following reasons:

- unforeseen emergency requirement
- the goods or services are only available from one source and there is no possibility of the Trust's requirements being met in any other way

- an extension is required to a current contract to allow sufficient time to complete a competitive tendering exercise (but failure to have planned the re-procurement would not be justification for a single tender)
- where the seeking of tenders and subsequent contract award could cause significant operational difficulties and where any potential savings would be outweighed by those operational issues (which along with a VFM analysis must be documented).

5.1.7 Sustainability

The Trust is committed to ensuring sustainability in its contracts and will comply with the Academies Buying Resource

<https://www.gov.uk/guidance/buying-for-schools>

to include relevant sustainability criteria in its contracts. You must check with the Director of Finance if you are unsure.

5.1.8 Supplier Management

Purchase Orders, Contracts and Payments should only be raised/made to suppliers which have passed Trust vetting procedures and have been added to the finance system.

New suppliers may only be added to the finance system following completion of a new supplier form and the requisite vetting procedures.

All staff who may raise purchase orders for work should satisfy themselves that where required, contractors have appropriate DBS clearance before raising an order for work. The Trust has issued guidance for the safeguarding of pupils whilst contractors are on site which must be followed.

5.1.9 Contract Agreement/Terms and Conditions

Any agreement, contract or lease with a supplier which requires a signature by a member of staff of the Trust (not including general orders for goods and services) should be forwarded to the Central Procurement Team for review prior to signature. Appropriate legal advice will be obtained where necessary to protect the interests of the Trust.

5.2 Requisitions and Purchase Orders

No member of staff, including the Chief Executive Officer, is authorised to raise a purchase order requisition for goods or services not budgeted for. Likewise, staff and the Chief Executive Officer are not permitted to raise a purchase order requisition for sums that exceed the budgeted provision.

A purchase requisition must be completed on the Web Finance System and authorisation obtained from the appropriate budget holder via the automated approval workflow, who will ensure that the correct coding and cost centre are recorded. It must be noted that a budget holder can only purchase items from their

own budget allocation. All order requests shall state quantities, prices, supplier details and a full description of the goods.

Insufficient funds will lead to the rejection of the purchase requisition and the order will not be placed.

Once the requisition and order has been authorised 'on-screen' an order number is automatically allocated. Official orders shall be used for the purchase of goods for the Academy itself and in no circumstances shall orders be used for other purposes.

This procedure must not be overruled. Goods and services **must not** be requisitioned without an approved purchase order.

Cancelled or rejected requisitions shall be recorded and dated within the finance system and a brief explanation given.

5.3 Agency Staff

The Trust is committed to ensuring that Teaching and Learning is uninterrupted. It is inevitable that at times there will be a demand for a short-term agency worker to cover such absences as sick leave. Quality teaching and learning and outcomes must also be considered, as must budget availability.

Agency Staff must not be used within any school long term and must not be used for associate staff posts.

The Headteacher holds ultimate responsibility for the Agency Staffing budget. As with other budgets the Agency Staff Budget must not be exceed without prior authorisation of the Executive Director and Chief Executive Officer.

5.4 Goods Received

The originator is responsible for ensuring that the goods or services received comply with the order specification. Delivery notes will be checked and acknowledged on the web finance system. The supplier/carrier will be notified of shortages or rejected items.

5.5 Payment of Invoices

When a purchase invoice is received it shall be passed initially to the Central Finance Team.

The Finance Officer will check prices, calculations, trade discounts, other allowances, credit and VAT are correct, and will then enter the details on the finance system.

The Finance Officer will verify the validity of the invoices and match to an approved requisition and appropriate good received note on the web finance system.

Once the invoices have been authorised, the Finance Officer will prepare a payment run (via BACS or cheque) and ensure that the relevant two signatures, or electronic equivalent, are obtained.

Details of current signatories can be found on the bank mandate, which is held by the authorised member of the Finance Team.

All cheque books and pre-printed cheque stationery are classified as controlled stationery, and such shall be kept in a secure and proper manner.

Any spoilt or cancelled cheques shall be retained.

Details of the amount, supplier, date, order number and transaction shall be recorded on the appropriate part of the cheque stationery, as well as on the invoice. The invoice is then scanned and uploaded to match the requisition on the computerised financial management information system.

5.6 Petty Cash

Petty cash is to be held on an Imprest System. Receipts into petty cash will be either from the bank as a reimbursement or the repayment of part of all an advance drawn from petty cash. All receipts are retained by the Finance Officer, recorded on a petty cash reimbursement form, and entered on the finance system.

The petty cash on hand must be reconciled and balanced on at least a weekly basis to the petty cash module of the finance system.

Part 6: Audit Requirements

6.1 Statutory Audit

In accordance with the Companies Act 2006, the Trust must appoint an auditor, to certify whether the accounts present a true and fair view of the Trust's financial performance and position; and produce audited accounts.

The contract for the audit must be in writing. This must take the form of a letter of engagement. The letter of engagement must only cover the external audit. If additional services are to be purchased, a separate letter of engagement must be obtained which must specify the precise requirements of the work and the fees to be charged.

6.2 Removal of Auditors

The letter of engagement must provide for the removal of auditors, before the expiry of the term of office, in exceptional circumstances. Proposals to remove auditors must require a majority vote of the members who must provide reasons for their decision to the academy Trust's board. If the auditors resign, there must be a requirement in the letter of engagement for them to provide the trust with an explanation, within 14 days of their resignation.

The Trust Board must notify the ESFA immediately of the removal or resignation of the auditors. In the case of removal, the Trust's board must notify the ESFA of the reasons for the removal. In the case of resignation, the trust must immediately copy to the ESFA a statement of explanation from the auditors.

6.3 Group Auditors and consolidation

The financial accounts of each academy trust will be consolidated into the format of the ESFA and DfE. The ESFA will use a combination of audited accounts, 'accounts returns' and other information to generate the consolidated accounts, and these accounts will be audited by the National Audit Office (NAO) on behalf of the Controller and Auditor General (C&AG). The NAO will audit the consolidated accounts in accordance with International Standards on Auditing and will undertake appropriate procedures in accordance with that framework to satisfy the C&AG that these accounts are true and fair. To this end, each trust is a component of the consolidation and the Trust's management **must** prepare the financial information requested by ESFA for this purpose.

The Academy Trust's auditors will be required by ESFA to audit certain information, and this requirement must be incorporated within the terms of engagement.

The C&AG is also required to reach an opinion on regularity for ESFA's and DfE's accounts and will draw on the regularity opinions expressed by Trust's auditors.

6.4 Regularity Audit

6.4.1 Accounting Officer's statement

An Accounting Officers statement on regularity, propriety and compliance **must** be included in the Trust's annual report. This is a formal declaration by the Trust's accounting officer that they have met their personal responsibilities to Parliament for the resources under their control during the year. It includes a responsibility to ensure that:

- public money is spent for the purposes intended by Parliament (regularity);
- appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control (propriety); and
- there is efficient and effective use of resources in their charge (value for money).

The format of the statement is included within ESFA's accounts direction. The Accounting Officer also has a responsibility to advise the Trust Board and ESFA of any instances of irregularity or impropriety, or non-compliance with the terms or the Trust's funding agreement and/or this handbook.

6.4.2 Auditor's review of regularity

A review of the accounting officer's statement **must** be included within the remit of the Academy Trusts' external auditors. The auditor's conclusions on regularity **must** be addressed jointly to the trust and to the Secretary of State through ESFA. The ESFA will draw formal assurance from this regularity audit. Further information is included in the Academies Accounts Direction.

6.5 Funding audit

Funding audits allow ESFA to gain assurance on the key raw data provided by an academy trust which are used in the calculation of recurrent funding grants, and whether this data is accurate, complete, and supported by evidence. The scope and timing of ESFA's funding audit approach is determined annually.

6.6 Internal audit

The Trust must have a programme of internal scrutiny to provide independent assurance to the board that its financial and other controls, and risk management procedures are operating effectively.

Internal scrutiny must focus on:

- evaluating the suitability of, and level of compliance with, financial and other controls. This includes assessing whether procedures are designed effectively and efficiently and checking transactions to confirm whether agreed procedures have been followed.
- offering advice and insight to the board on how to address weaknesses in financial and other controls, acting as a catalyst for improvement, but without diluting management's responsibility for day to day running of the trust.
- ensuring all categories of risk are being adequately identified, reported, and managed.

The Trust must identify on a risk-basis (with reference to its risk register) the areas it will review each year, modifying its checks accordingly. For example, this may involve greater scrutiny where procedures or systems have changed.

6.7 National Audit Office and Public Accounts Committee

The National Audit office (NAO) has the right to access the books of accounts and all relevant records, files and reports of an academy trust for inspection, or for the carrying out of value for money studies. The Trust must cooperate with the NAO officials and their contractors and provide such help, information and explanation as is reasonable and necessary.

The NAO's findings are considered by the Public Accounts Committee (PAC). The PAC has the power to call anyone, including past and current accounting officers of a trust, to account for the proper use of public funds.

6.8 Audit access rights

The ESFA or its agents may from time- to- time carry out audits at the Academy Trust. The Trust **must** provide the ESFA with access to all books, records, information, explanations, assets and premises, and the ESFA may take copies of any relevant documents. The ESFA may conduct interviews during its audits at any reasonable time. The ESFA will give the Trust reasonable advance notice in writing of its proposed audits.

Part 7: Provision of Information

The Trust **must** provide the ESFA, or its agents, with information the ESFA requires in exercising its responsibilities and to meet funding requirements. This information **must** be of sufficient quality to meet the purposes for which it has been requested. The Trust **must** provide the information when and how the ESFA and its agents request it. The ESFA will

consider the impact on academy trust business in the deadlines it specifies for the provision of information.

On occasion, the ESFA will require urgent information from the Trust, usually as a result of a request to the ESFA to fulfil its duties to provide information to the Secretary of State and account to Parliament. The ESFA will act reasonably in its requests for information and will have regard to the costs and timescales of providing the information, and where appropriate to its confidentiality. In requesting information, the ESFA will also consider information previously supplied by the Trust to the ESFA or other stakeholders with whom the ESFA is realistically able to share information. The ESFA may also request information that the Trust gathers to meet its own needs.

If the Trust does not return the information the ESFA requires by the specified deadline, or that the information is not of an acceptable quality, the ESFA may carry out whatever investigations it deems necessary to collect the information, where appropriate in consultation with the trust. The ESFA may, as necessary, deduct all or part of the cost of the investigations from ESFA's recurrent funding of the Trust.

The Trust **must** notify ESFA of the vacating or filling of the positions of Chair of the Board of Trustees, **Accounting Officer** and **Chief Financial Officer**, within 14 days of that change.

Part 8: Systems and Data Security

The Finance and Audit Committee, in conjunction with the Chief Executive Officer, the Executive Director and the Director of Finance will ensure that suitable accounting systems are implemented within the Trust. The system will have the following incorporated features.

- authorisation and supervisory controls to ensure transactions are properly recorded or that errors are identified
- record protection against unauthorised modifications, destruction, disclosure, or loss whether by accident or intention
- authorised staff access to the accounting records which will be securely retained when not in use
- accounting records, maintenance, and security; vouchers or other documents relating to financial transactions stored in accordance with the Retention of Records Policy
- financial transactions traceability from the original documentation to the accounting records and vice versa

Access to the computerised financial management information system and any computer systems holding information on staff, students or of a financial nature will be by secure password. Where access to specific component parts of the system can be restricted, the Director of Finance will be responsible for setting and periodically reviewing access levels for all members of staff using the system.

The Strategic Trust Network Manager is responsible for ensuring that there are effective back up procedures for the system in order to prevent loss of data. The Chief Executive Officer will ensure that staff delegated to undertake this function are appropriately trained. As part of the business continuity arrangements the Director of Finance will prepare a 'Disaster Recovery Plan' in the event of loss of financial facilities or financial data. This will link with the annual assessment of major risk.

Annex A: Definitions

Academic Year	The 'school year' starting 1 September and ending 31 August.
Academy Trust	The Company which has entered into a funding agreement with the Secretary of State to run one or more academies.
Accounting Officer	The senior executive of the academy trust, designated as accountable for regularity, propriety and value for money. This is named as the Chief Executive Officer.
Articles of Association	The articles set out the Trust's charitable object and governance arrangements.
Asset	Anything that is capable of being owned or controlled to produce value and that is held to have positive economic value. Can be 'revenue' (e.g. cash) or 'capital' (e.g. a building).
Balanced Budget	A formal budget plan setting out projected income and expenditure drawing on unspent funds from previous years as necessary. Trusts do not have to balance income and expenditure in each year to zero and can carry forward unspent GAG (if eligible).
Capital	Capital assets or funding are those from which an academy trust can expect to derive a benefit for more than one year: typically land, buildings, vehicles, information technology etc. Capital assets are usually referred to as fixed assets.
Chief Executive Officer	The senior executive of the Trust and Head of the Executive Management Team, also acting as the Accounting Officer.
Executive Director	The most senior non-teaching staff role in the Trust, also acting as the Chief Financial Officer.
Director of Finance	The individual who leads the finance department.
Companies House	Is the UK's Registrar of Companies.

Education & Skills Funding Agency	The ESFA is an executive agency of the DfE that acts as the agent of the Secretary of State.
Effectiveness	Obtaining the desired outcome.
Efficiency	Obtaining the best possible outcome for the resources input.
Financial Year	This is the same as the academic year, from 1 September to 31 August.
Funding Agreement	The agreement between the Trust and the Secretary of State, which includes funding arrangements, obligations of both parties and termination provisions.
General Annual Grant	GAG is the main source of revenue funding for the Trust.
Headteacher	The Headteacher of an Academy.
Propriety	The requirement that expenditure and receipts must be dealt with in accordance with Parliament's intentions and the principles of parliamentary control. This covers standards of conduct, behaviour, and corporate governance.
Public Funds	Funds which, ultimately, derive from parliamentary authority. All academy trusts' income, expenditure, assets, and liabilities are consolidated into the accounts of DfE and will be considered by Parliament to be public unless otherwise demonstrated.
Regularity	The requirement to deal with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement, the ESFA Academies Financial Handbook, and compliance with internal Trust procedures. This includes spending public money for the purpose intended by Parliament.
Secretary of State	The Secretary of State for the Department for Education.
Statement of Recommended Practice	The Charity Commission's document Accounting & Reporting by Charities: Statement of Recommended Practice (SORP), which describes the form and content of charity accounts.

Value for Money

Achieving the best possible educational and wider societal outcomes through the economic, efficient, and effective use of all resources in the Trust's charge, the avoidance of waste and extravagance, and prudent and economical administration.

Whistleblowing

When an employee reports suspected wrongdoing at work and makes a disclosure in the public interest, under the protection of the Public Interest Disclosure Act 1998 as appropriate.

Annex B: Request for staff change

STAFFING BUDGET:

THE BUSINESS CASE TO REQUEST TO CHANGE STAFFING ESTABLISHMENT / HEADCOUNT / SALARY

(Note: like for like replacement of posts already in the budget does not require this form to be completed; nor do increases following the pay review process for teachers/leaders in September/October and Associate staff in April)

From:
(School and name of Headteacher)

To: Executive Director

Date:

The request is for an increase to headcount/new post: Yes/No (please delete accordingly)

The request if for a salary uplift: Yes/No (please delete accordingly)

Reason and justification for the request:
Where will the additional funding come from in the school budget:

Signed Headteacher

Decision / Rationale

Approved / Declined

Signed Executive Director
Signed Chief Executive Officer
Date

Annex C: Document Control

Date	Issue No.	Details
October 2018	1.0	Complete Financial Handbook
July 2019	2.0	Reviewed Financial Handbook
October 2020	3.0	Reviewed Financial Handbook
March 2021	4.0	