

# REGULATIONS:

## Financial

### Review

|                        |                   |                         |            |
|------------------------|-------------------|-------------------------|------------|
| <b>Approving Body:</b> | Board of Trustees | <b>Effective Date:</b>  | April 2026 |
| <b>Review Cycle:</b>   | Annual            | <b>Next Review Due:</b> | April 2027 |

These regulations are statutory and apply to all the schools in the Trust.

Compliance with these Regulations is mandatory. Any failure to adhere to them may result in escalation in accordance with the Trust's governance and accountability arrangements.

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## 1) Introduction

These Financial Regulations set out the framework for financial control within the Equinox Learning Trust. They apply to all academies within the Trust and to all staff. They should be read alongside the Scheme of Delegation.

Compliance with the Financial Regulations is compulsory for all individuals connected with or employed by the Trust. Any member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Trust's disciplinary procedures. It is the responsibility of Executive Leaders and Headteachers to ensure all staff under their management are made aware of the existence and content of the Trust's Financial Regulations and understand how to operate within them.

The Audit, Risk and Finance Committee of the Trust Board, as set out in its Terms of Reference, is responsible for maintaining continuous review of Financial Regulations, through the Chief Financial Officer (CFO), and advising the Trust Board of any additions or changes necessary.

## 2) Governance & Accountability

### Accountability Framework for Finances

The Trust has defined responsibilities for each person involved in the administration of Trust Finances to avoid the duplication or omission of functions and to provide a framework of accountability for members, trustees, and staff.

#### The Members

Members:

- Can amend the Articles of Association and may do so to support stronger governance arrangements (subject to any restrictions in the Articles or in the Trust's Funding Agreement or Charity law)
- Are responsible for appointing the Trust's external (financial statements and regularity) auditor, and they have a right to receive the annual report and financial statements
- Ultimately, have the power to wind up the Trust, if necessary.

#### The Trustees

The Trustees will take overall responsibility for the financial affairs of the Trust and the efficient and effective use of resources to maximise outcomes for pupils. The Trust Board and its committees will meet regularly enough to discharge their responsibilities.

The main financial responsibilities are to:

- Ensure the sound management of the Trust's finances and resources
- Establish and maintain a transparent system of prudent and effective internal controls
- Approve the Trust's annual budget
- Oversee financial planning and resource allocation
- Ensure compliance with the requirements of the Academy Trust Handbook and other relevant legal and regulatory obligations
- Ensure appropriate arrangements are in place for internal scrutiny and external audit
- Receive and consider reports on the effectiveness of financial controls and risk management
- Ensure adequate insurance arrangements are in place
- Approve the Trust's annual report and accounts.

#### Trust Board – Audit, Risk & Finance Committee

The Audit, Risk and Finance Committee is a sub-committee of the Trust Board and is responsible for ensuring that there are effective financial governance arrangements to manage all the Trust's funds. It has the right of access to obtain all information it considers necessary and to consult directly with the internal and external auditors.

It must ensure that satisfactory arrangements are in place to promote economy, efficiency, and effectiveness. It also has a role in reviewing the Trust's systems of internal control and risk management.

#### The Accounting Officer

The Trust's Accounting Officer is personally responsible to the Trust Board, DfE's accounting officer and

Parliament for ensuring that the financial administration of the Trust's affairs is in accordance with the Funding Agreement and/or Articles of Association. In this capacity they must advise the Trust Board if, at any time, any action or policy under consideration by them appears to be incompatible with the Funding Agreement and/or Articles of Association. The full role is set out in the Academy Trust Handbook.

The Accounting officer must complete and sign a statement on regularity, propriety, and compliance each year and submit this to the DfE with the audited accounts. The Accounting officer must also demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.

The Accounting officer must share all communications from the DfE starting 'Dear Accounting Officer' with the Trust Board and other senior leaders.

### **The Chief Financial Officer (CFO)**

The Trust Board must appoint a Chief Financial Officer (CFO) to whom the detailed Financial Regulations are delegated. The CFO and their finance staff must be appropriately qualified and/or experienced. The CFO will play both a technical and leadership role including ensuring:

- The preparation of medium term/annual capital and revenue budgets and financial plans
- The preparation of monthly management accounts, management information, monitoring, and control of expenditure against budgets and all financial operations for consideration by the Accounting Officer and Chair of the Trust
- The preparation of the Trust's annual accounts and other financial statements which the Trust is required to submit to the DfE or other authorities
- The maintenance of satisfactory financial systems
- Professional advice on all matters relating to financial policies and procedures
- Day-to-day liaison with internal and external auditors to achieve efficient processes
- Day-to-day liaison with the Trust's bankers in relation to the Trust's bank accounts including authority to open/close accounts.

### **External Audit (Reporting Accountant)**

The Audit, Risk and Finance Committee will assess the effectiveness and resources of the external auditor to provide a basis for decisions by the Trust's Members about the auditor's reappointment, dismissal, or retendering, and their remuneration. The Committee will provide an annual report of their conclusions to advise the Board of Trustees and Members with their conclusions and recommendations. The external auditors will be (re-)appointed annually by the Members. A competitive tendering process will be undertaken at regular intervals (at least every five years) to inform this process. Measurement against government frameworks (e.g. CPC) as an alternative to a competitive tender will be permitted.

The primary role of external audit is to report on the Trust's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with the Audit Code of Practice, Academy Trust Handbook and the Auditing Practices Board's statements of auditing standards.

In carrying out their audit work, the external auditors may choose to rely on the work of the internal auditors in assessing the Trust's control environment. Where this is the case, the external auditors will need to assess the scope and quality of the work programme carried out as part internal audit/check to assess whether they are able to rely on that work.

The external auditors need to come to a judgement on the work of those carrying out any internal checks, and for this reason, the internal checking function and external audit function should be clearly separated.

### **Internal Scrutiny**

The Audit, Risk and Finance Committee, on behalf of the Trust Board, will consider how arrangements for independent internal scrutiny will be met as part of a wider assurance framework. This may be through one of the following operations:

- The work of an internal audit service (in-house or bought in)

- The work of a 'responsible officer' who will be a non-employed trustee (excluding the Chair of the Trust Board) and who neither charges nor is paid by the Trust for their work
- Completing the work by peer review (from a suitably qualified member of another Academy Trust).

The Audit, Risk and Finance Committee will approve an annual internal scrutiny plan (as established by the CEO & CFO), that is aligned to key financial and operational risks and is conducted by individuals independently from the activities being reviewed.

Internal Scrutiny should be independent, objective, and performed by suitably qualified individuals. There should be clear terms of reference for internal scrutiny providers, outlining scope, access to information, and reporting lines. The provider should produce a written report for each scrutiny cycle detailing findings, recommendations, and priority levels.

The CFO should schedule periodic reviews (termly/quarterly) focusing on compliance, financial controls, procurement, payroll, and governance. Document all testing performed, evidence gathered, and outcomes identified. CFO to present reports to the Audit, Risk and Finance Committee for review and challenge. Track completion of recommendations and review and update the scrutiny plan annually based on new risks, governance changes, and previous findings.

The Audit, Risk and Finance Committee will:

- Monitor management's responses and the completion of agreed actions and ensure control weaknesses identified through internal scrutiny are addressed promptly
- Escalate significant risks, control failures, or unresolved issues to the Board. Together with evaluating whether the internal scrutiny provides sufficient assurance on financial controls, governance, and risk management
- Report annually to the Board on the effectiveness of internal scrutiny arrangements and overall assurance gained.

### **Executive Leaders/Headteachers (CEO/CFO/Headteachers)**

Executive Leaders/Headteachers are responsible to the Trust Board via the Accounting Officer for the financial management for budgets under their management responsibility.

The Executive Leader/Headteacher are advised by the CFO in executing any financial duties.

The CFO will supervise and approve financial systems operating within individual schools including the form in which accounts and financial records are kept. Executive Leaders and Headteachers will ensure that the CFO is provided with such information as he/she may be required to enable:

- Compilation of the Trust's financial statements
- Implementation of financial planning
- Implementation of audit and financial reviews, projects, and value for money reviews.

### **Budget Holders**

Budget Holders are named individuals who have delegated authority to incur expenditure within specific allocations for specific activities in the Trust.

The Budget Holder is responsible to the Trust Board through their Headteacher and the CEO for the management and proper use of allocated funds, ensuring that resources are deployed effectively to forward the Trust aims, with reference to the department, school, and Trust development plans.

In general, only the Budget Holder is entitled to incur expenditure against a particular budget heading, so only the Budget Holder may authorise expenditure against that heading. However, a budget holders line manager or Executive leader may also authorise expenditure against a budget where necessary.

### **Other Staff**

All members of staff throughout the Trust should be made aware of and have a general responsibility for the security of the Trust's property, for avoiding loss and for due economy in the use of resources. They are required to follow all policies of the Trust, at all times, including those which have financial implications.

They should also be made aware and understand how to operate within the Trust's financial

authority limits and the values of purchases for which quotations and tenders are required as set outlined the Scheme of Delegation.

They shall make available any relevant records or information to the CFO or their authorised representative in connection with the implementation of the Trust's financial policies, these Financial Regulations, systems of financial control, or for requirements of the Trust Board to be met.

### **3) Accounting Systems**

#### **Financial Accounting System**

All the financial transactions of the Trust must be recorded onto the Trust's financial accounting system, HOGE100.

#### **System Access**

Entry to the financial accounting system is password restricted and the CFO is responsible for overseeing access levels for all members of staff using the system.

#### **Back-up Procedures**

The CFO is responsible for ensuring that there are effective back up procedures for the system as detailed in the Data Protection Policy and the Trust retention schedule.

#### **Transaction Processing**

All transactions input to the financial system must be authorised in accordance with the procedures specified in these regulations.

Detailed information on the operation of HOGE100 can be found in user manuals held electronically by the CFO.

#### **Reconciliations**

The CFO is responsible for overseeing month end processes to ensure that at each month end that all items on the trial balance accurately reflect the current financial position of each school. This includes ensuring the following activities are undertaken by the Finance Team:

- A bank reconciliation is undertaken between the bank balance on the nominal ledger to the bank statement
- The payroll journal entries are input, and entries and control accounts are reconciled to the latest payroll reports and any differences investigated followed by appropriate corrective action
- Review of the balance on the sales ledger control account to ensure it reflects the outstanding income due from debtors and reviewing any aged debtors
- Review of the balance on the purchase ledger control account to ensure it reflects outstanding payments due to creditors and reviewing any outstanding payments due
- Review of the VAT control account to ensure that it reflects amounts claimed but not yet re-imbursed from the HMRC and that appropriate rates of VAT have been applied
- Review of any other control account balances to ensure they are valid balances
- Ensure manual accruals are entered to reflect significant debtors, creditors, receipts in advance, deferred income, or payments in advance
- Ensure the maintenance of a fixed assets register
- Ensure the coding of income/expenditure is reviewed during the month for appropriate coding entries and take corrective action where necessary.

The CFO will review and electronically sign off all bank reconciliations undertaken by the Finance Team in accordance with the agreed month end timetable.

### **4) Financial Planning & Budgeting**

#### **Financial Planning System**

The CFO is responsible for overseeing the preparation of financial plans which will be undertaken by the Trust Finance Team and will be recorded onto the Trust's financial planning system – IMP Software.

The approved annual budget is uploaded each August following approval by the Trust, and forecasts updated each month.

### **System Access**

Entry to the financial planning system is restricted to the senior roles in the Finance Team.

### **Back-up Procedures**

The Trust's financial accounting software provider is responsible for ensuring that there are effective back up procedures for the system.

### **Financial Plans**

The financial plans will reflect a three-year forecast of income and expenditure providing a financial representation of the Trust's Strategic Objectives and plans.

### **School Improvement Plan (for each school)**

The School Improvement Plan is concerned with the future aims and objectives of each school and how they are going to be achieved; this includes matching each school's objectives and targets to the resources expected to be available. This should be led by the senior leadership teams for each of the individual schools and matched against the budget assigned for each entity.

### **Annual Budget**

The CFO, in conjunction with the CEO, leads on the annual budgeting cycle for each of the schools working with Headteachers and other key staff.

Each Headteacher is responsible for proposing the annual budget plan for the funds delegated to their school in accordance with the Trust Budget Timetable to allow it to be formally recommended to the Trust Board for its approval.

Each Headteacher is responsible for identifying resources within the annual budget plan which support the full utilisation of grants, such as Pupil Premium and Sports grants made available to each school.

The CFO is responsible for reporting the overall Trust Budget including those of individual schools to the Trust Board via the Finance and Risk Committee. The CFO is responsible for establishing a timetable to ensure that the approved budget is reported to the DfE by the required date and is accurately completed.

The annual budget will reflect the best estimate of the resources available to each school for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budget utilisation of those resources.

The estimates will include (but not restricted to):

- The General Annual Grant confirmed by the DfE for the forthcoming academic year and based on the previous autumn pupil count
- The Early Years funding estimated by the Local Authority for the forthcoming academic year based on previous termly counts of registered take up and any changes to nursery sizes
- The High Cost (SEN) top up funding from the Local Authority for the forthcoming academic year based on current pupil assessments and any leavers / starters
- Review of other income sources available to assess the likely level of receipts
- Review of current staffing establishment considering pupil / curriculum changes, salary increases / inflation / contribution rates
- Review of the school contracts register and any non-contract spending to gain an understanding of non-staffing costs
- Review of past performance against budgets to promote an understanding of changes in the cost base
- Identification of potential efficiency savings and Review of the main expenditure headings considering the development plan objectives and the expected variations in cost.

## **Balancing the Budget**

Comparison of the estimated income and expenditure will identify any potential surplus or deficit in funding in year. Budget proposals must reflect an ongoing maintenance of reserves in accordance with the Trust Reserves Policy.

All school revenue surpluses will be transferred into Trust reserves at the end of each academic year.

For a school to incur an in-year revenue deficit, the school must receive prior approval as part of the Trust Annual Budget Approval process, or through approval by the Executive Leadership Team after considering the factors which have led to the deficit.

## **Finalising the Budget**

The finalised budget plan will be formally recommended to the Trust Board via the Audit, Risk and Finance Committee. The finalised budget plan recommended will be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The CFO is responsible for ensuring that the proposed budget recommended to the Trust Board for their school is locked on IMP Software (the budget planning software).

Once the budget is approved by the Trust Board then the Executive Leaders/Headteachers should ensure that it is communicated to all staff with responsibility for budget headings so that all relevant parties are aware of the overall budget constraints.

The CFO is responsible for ensuring that the approved budget confirmed back to Executive Leaders and Headteachers and loaded to the financial management system.

## **Monitoring & Review of the Budget**

The Finance Manager will support the CFO in preparing monthly management accounts to the Trust Board, which detail:

- Actual income and expenditure against the approved budget and any changes to the projected end of year position
- Plans and oversight of capital projects
- Balance sheet
- Cashflow statement.

If the budget is overspending it may be appropriate to take measures to make savings and the Executive Leadership Team of the Trust will make appropriate proposals to develop and deliver these as appropriate. The Audit, Risk and Finance Committee, and in turn the Trust Board, should be presented with periodic reforecasting and options for action.

Once the monthly management accounts have been approved and submitted to the Trust Board, either through the Audit, Risk and Finance committee meetings or via email to the Chair and Trust Board outside of the committee meeting cycle.

## **5) Payroll & Staffing**

### **Staff Appointments**

The Executive Leaders and Headteachers are responsible for staffing establishment changes under their management and ensuring that they are made within the constraints of current and future resources available. The Business Partners for each school, in collaboration with executive leaders/Headteachers, is responsible for ensuring that adequate personnel files are maintained for all members of staff in accordance with the Trust's Retention Policy.

Conditional offers and contracts of employment are the responsibility of the Executive Leaders and headteachers, in collaboration with the Business Partners. All signed conditional offers and contracts of employment are stored by the Business Partners.

Each school is responsible for the acceptance and acknowledgement of resignations from employment within their school and ensuring that CFO and Central Finance Team are notified

promptly as part of the exit process, and that any Trust equipment is handed over on departure, and any other access to property or systems is ceased at termination of employment.

### **Payroll Administration**

The Trust uses an external payroll provider who has taken on the responsibility to determine the appropriate national insurance, superannuation and income tax deductions within this contract. The current payroll provider for all schools in the Trust is Moore Pay. **Any contract for the services of the payroll provider will be reviewed on a regular basis to ensure that the Trust is getting value for money and that the provider is giving adequate service.**

All staff are paid monthly. An establishment master file is created for each employee which records:

- Salary
- Bank account details
- Taxation & NIC status
- Personal details
- Any deductions or allowances payable.

New master files can only be created where signed contractual and new starter information is provided and signed as approved by the CEO/Executive Leader/Headteacher (one signature required). Any master file amendments will only be made on receipt of required paperwork authorised in the same way.

Each school is responsible for complying with the necessary deadlines for submitting full and complete paperwork to the finance team, to produce both the support staff payroll and the teachers' payroll. This will include but is not limited to authorised new starters, leavers, contract variations, additional hour claims, and expenses.

The CFO will oversee the finance team responsible for checking the paperwork and uploading this information to the payroll provider's system. The finance team will be responsible for checking the calculation to gross pay and making comparison between current and previous month gross pay calculations.

The Audit, Risk and Finance Committee will select at least one employee at random each month to ask the Finance team to check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

### **Payments**

The CFO will make arrangements for approval of payroll within the Finance team to ensure appropriate separation between preparation and approval. This will include a list of salary payments by individuals and showing the amount payable in total will be obtained from the payroll provider.

All salary payments are usually made by BACS, including to the deducting organisations.

After the payroll has been processed the Finance Team shall ensure the nominal ledger is updated by journal entry and before the month end close. Postings will be made to both the various payroll control accounts and to individual cost centres. The Finance Team shall ensure the payroll amounts posted to the nominal ledger are reviewed each month to ensure the correct amounts have been posted and a reconciliation undertaken to cumulative pay to date. All payroll control accounts should balance to zero.

On an annual basis a salary statement detailing their annual salary and any other benefits to which they are entitled will be issued to all staff to reflect the records held on the personnel file. This may be done at different times of the year for teachers and support staff.

## **6) Staff Severance Payments**

If the Trust is considering a staff severance payment above statutory or contractual entitlements, the following issues must be considered and approved by the Audit, Risk and Finance Committee 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.

Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to succeed in an employment tribunal because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

Where the academy trust is considering a staff severance payment, including a non-statutory/non-contractual element of £50,000 or more, (gross, before income tax or other deductions), DfE's prior approval must be obtained before making any offer to staff.

## 7) Procurement & Purchasing

**Financial Delegation authorisation levels are set out in the Scheme of Delegation and must be consulted to ensure all spend is authorised at the appropriate level.**

The Trust must demonstrate the proper and effective use of public funds. The main requirements are:

- **Probity:** To demonstrate that all parties dealing with the Trust are dealt with on a fair and equitable basis and that there is no private gain, favouritism or corruption involved in any of the dealings of the Trust;
- **Accountability:** The Trust is publicly accountable for its expenditure and for the conduct of its affairs; and
- **Value for Money:** The achievement of value for money underpins the appropriate use of public funds.

The Trust will not use the Trust's funds to purchase alcohol for consumption.

Budget holders (such as subject leaders/department heads) will be informed of the budget available to them before the start of the academic year. It is the responsibility of the budget holder to manage their budget and to ensure that funds available are not overspent. Budget holders will be provided with regular reports showing their income and expenditure from the finance team.

Budget holders are encouraged to keep their own records of orders placed but not paid for.

### **Requisitions up to £5,000 (Inclusive)**

Requisitions for goods must fully detail the items required, a price or a quote if obtained, the nominal code/cost centre, be signed as authorised by the headteacher and forwarded to the Finance Team. It is the responsibility of the individual staff members with the support of the School Business Partners to place orders with suppliers through the Trust financial system. Orders should not be placed directly with suppliers by email or telephone by any other members of staff.

It is the responsibility of budget holders to ensure that the purchase does not exceed the budget available to them before approving. All staff will, where available, access the list of preferred suppliers via the central trust finance team, and including Public Sector Buying Organisations.

### **Requisitions of over £5,000 but less than or equal to £50,000**

Requisitions between £5,000 and £50,000 require at least three written quotations have been obtained and the lowest quote has been selected. The supporting documentation, including copies of all quotes, must be provided to the Finance Team for audit purposes.

Where the lowest quote, below £50,000 is not selected, it requires specific consideration for value for

money and formal approval by the Accounting Officer.

The Executive Leader/Headteacher/budget holder is responsible for ensuring that adequate budgetary provision exists prior to requesting approval.

### **Requisitions over £35,000 but less than EU procurement thresholds**

All goods/services with a value over £50,000 or for a series of contracts which in total exceed £50,000 are not authorised to be ordered unless they have been subject to formal tendering procedures.

Purchases over

certain levels may fall under EU procurement rules and require advertising in the Official Journal of the European Union (OJEU) unless they are accessed through a Public Sector framework where this process has already been undertaken.

All procurement processes for requisitions over £50,000 will be led by the CFO unless the CEO authorises for another executive leader to undertake this process.

For Tenders above £50,000 the Finance and Risk Committee will seek approval from the Trust Board.

The ICT Support contract tendered through EU procurement allows for hardware to be provided from the appointed contractor subject to them demonstrating value for money against DFE listed Public Sector Buying Organisations or other suppliers in a tender process.

The use of Government Frameworks will be encouraged as an alternative to full tender processes.

Where educational visits are arranged to types of 'learning outside the classroom providers' – i.e. museums, galleries, farms, nature reserves, adventure centres to overseas expeditions. It is accepted that the priority in these circumstances is good quality educational provision and effective risk management. Tender processes will not be required in these instances.

### **Local Framework Agreements**

Where the Trust regularly contracts for individually small but frequent contracts for services such as maintenance, redecoration, electrical rewiring and the like, the Trust will use a list of approved suppliers.

The process whereby suppliers would get onto the approved list would include a list of criteria which must be documented and approved (including financial standing, appropriate standard of works, insurance arrangements and review of Health and Safety and risk assessments).

Each supplier should be reviewed on an annual basis to confirm continued compliance with all requirements. Inclusion on the list would still go through normal delegated authorities, and any works undertaken would be reviewed for value for money as well as competence.

Jobs which are below the tender threshold would be awarded to the most suitable supplier on the list for the job required. This would make the process of awarding small works more efficient while still ensuring that all relevant checks are undertaken.

Works, which are over the tender threshold, would still be procured via those arrangements.

In addition, the use of national Public Sector Framework Agreements, such as ESPO, YPO or the Crown Commercial Service, will be encouraged to reduce the administration involved in preparing and undertaking tenders.

### **Forms of Tender**

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

#### *Open Tender*

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CFO 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 school's requirements.
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- There is a lack of time to go through an open tender procedure.

#### *Negotiated Tender*

The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances and where 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**

Full consideration should be given to:

- Objectives of the project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract.

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.

#### **Invitation to Tender**

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.

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.

#### **Aspects to Consider**

##### *Financial*

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision
- Care should be taken to ensure the tender price is the total price and that there are no hidden or extra costs
- Scope for negotiation.

##### *Technical/Suitability*

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

### *Other Consideration*

- Pre-sales demonstrations
- After sales service
- Financial status of supplier
- Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service.

### **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust/school. Tenders should normally be submitted in plain envelopes clearly marked to indicate they contain tender documents. The Trust, however, may also use the Trust dedicated email box for Tenders where emails will not be opened prior to the tender opening date.

The envelopes should be time and date stamped on receipt and securely stored in the Trust/school prior to tender opening. Tenders received after the submission deadline should not normally be considered.

### **Tender Opening Procedures**

All tenders submitted should be opened at the same time and the tender details should be recorded. Please contact the CFO for further information about how the process should be undertaken and who should be present for the opening of the tenders.

A separate record should be established to record the names of the companies' submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

### **Tender Evaluation Procedures**

The evaluation process should involve at least two appropriate 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.

Those involved in deciding must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

The approval of tenders will be in accordance with the Scheme of Governance Management and Delegation.

Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

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

### **Contract Management**

Contracts for services must be monitored to ensure that the actual level of service meets the requirements set out in the contract specification.

### **Goods Received & Invoicing**

The orders generated from the Trust's financial system will state the appropriate arrangements for delivery of goods to the school.

On receipt of goods, a detailed check of the goods received against the goods received note (GRN) will be undertaken by someone other than the person who approved the order and a record made of any discrepancies between the goods delivered and the GRN. The supplier of the goods should be informed of any discrepancies without delay. The financial system should be updated to reflect the items received against the order as a GRN.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the school administration team should be notified. The school admin team

shall not process a GRN for goods which require returning, unless requested by the finance team for accounting purposes, and will contact the supplier promptly to arrange for the return of the goods.

### **Non-Purchase Orders**

Purchase Orders should be raised for all goods and services required, where this has not been possible, and an invoice is received without an order on the Trust's finance system (HOGE 100), a Purchase Note will be processed. A completed, signed Purchase Note (PN) should be uploaded with the invoice. The PN should include full details of purchase and reason for the purchase order not being placed as a PO. These should be signed by the Headteacher.

Purchase Orders do not need to be placed for the following goods/services:

- Utilities (gas/electric/water) – premises staff should check the reading on the invoice to the meter and sign the requisition/invoice to confirm ok for payment
- Unknown telephone/mobile call charges (not rental).

### **Invoices for Payment**

All invoices should be sent to the Trust Finance team. The trust finance team shall ensure:

- Checks against the order and GRN for accuracy have been undertaken
- Price increases from the point of ordering to receiving the invoice need to be approved by the budget holder if above £25. Price increases below £25 (inclusive) will be processed without further approval being needed.

Payment to suppliers shall not be made until all the above actions have been undertaken.

At the end of every month the finance team will produce a list of outstanding invoices from the purchase ledger to determine which invoices should be paid on the BACS runs.

The senior members of the central trust finance team will then generate the BACS required. The BACS and associated paperwork must be authorised by the Finance Manager before being authorised by the CFO.

BACS remittances will be dispatched to suppliers by the trust finance team.

If any purchases are made outside the documented process, then the budget holder must provide written justification which is counter signed by the executive leader /headteacher and submitted to the finance team for consideration of implications by the CFO.

### **Leasing**

The Trust must obtain DfE's prior approval for the following leasing transactions:

- Taking up a finance lease on any asset for any duration from another party, which are subject to the borrowing restrictions described in the Academy Trust Handbook
- Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

### **Ex Gratia Payments**

Where the trust is considering making an ex-gratia payment it must obtain prior approval from the DfE. Ex gratia payments go beyond the statutory cover, legal liability or administrative rules and include out of court settlements to avoid legal action on the grounds of official inadequacy as well as payments to meet hardship caused by official failure or delay.

### **Related Parties**

Related parties include persons and entities with control or significant influence over the academy trust, and members of the same group (e.g. parent and subsidiary companies, key management personnel and close family members).

The Academy Trust must be even-handed in their relationships with related parties by ensuring that:

- Trustees comply with their statutory duties as company directors to avoid conflicts of interest, not

- accept benefits from third parties, and declare interest in proposed transactions or arrangements,
- All members, trustees, local governors of academies and senior employees complete the register of interests
- No member, trustee, local governor, employee or related individual or organisation uses their connection to the trust 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
- There are no payments to trustees by the trust unless permitted by the articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State. Trusts will need to consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest
- The Charity Commission's approval is obtained where the Trust believes a significant advantage exists in paying a trustee for acting as a trustee
- Payments provided to the persons satisfy the 'at cost' requirements of the Academy Trust Handbook.

## 8) Purchase/Commercial/Credit Cards

Purchase/Credit Cards are not considered to infringe the borrowing restrictions imposed on schools/the Trust providing any balance is cleared in full at the end of each month. Debit Cards are not permitted.

Each school and the Trust itself will be permitted to have a single card. Authorisation for cards must be made through the CFO/executive leader/headteacher. Each employee issued a card must sign to confirm that they have read and understand the Trust Commercial Cards Policy. A copy of all signed confirmations will be retained by the finance team.

All card purchases must be authorised in advance through a signed requisition including those made over the internet. Each school is responsible for authorising the purchase of goods through a signed requisition. Each card holder is responsible for retaining receipts where applicable and submitting them to the finance team promptly. Each school is responsible for checking and recording goods which are then received on the Trust Financial System.

These transactions will be processed as a credit card expense on the finance system and where possible will be allocated to a supplier.

All credit card statements will be downloaded by the Trust Finance Team who will be responsible for the reconciliation of the credit card statement, ensuring that all payments on the statement have the supporting requisition/order/receipt/GRN. The statement will then be reconciled against the subsequent bank direct debit charge.

The Trust Finance Team will ensure that credit card statements are reconciled monthly.

When not in use by staff members, all cards will be kept in the school safe.

## 9) Income

The main sources of income for the Trust/schools are through DfE/LA grants. The receipt of these sums is monitored directly by the Trust's central finance team who will ensure that all grants due are collected.

These sources of funds will usually be transferred directly into the school/Trust bank account by BACs transfer.

On receipt of the remittance the anticipated income will be recorded on the financial system as a nominal receipt by the Central Trust Finance Team – direct to bank, ready for bank reconciliation. All remittance advice will be retained by the central trust finance team for inclusion in the year-end audit files.

The schools also obtain income from:

- Cash receipts
- Online payments via the school payment system.

Where possible schools should seek to minimise the amount of cash transactions. Where that is not possible then, cash should be stored securely on site and banked regularly. The income should be recorded on the SIMS Finance system promptly as a nominal receipt.

The paying in slip/receipts are prepared and stored with the cash in a locked safe ready for the next cash collection or bank visit. The school support manager/school office manager shall ensure that there is a cross-check of paying in slips prior to banking.

Cash collections will be arranged on an ad-hoc basis in liaison with the Central Trust Finance team to ensure that they are set at appropriate intervals to ensure the levels of cash in the safe do not exceed insurable limits, but collection costs remain economical. Cheques can be posted with a completed paying in slip to the bank.

Monies collected must be banked in their entirety. The school finance officer /office manager are responsible for ensuring that regular reconciliations between sums collected, sums deposited at the bank and sums posted to the financial system are undertaken. The reconciliations must be prepared before each banking is undertaken and must be reviewed and certified by the Finance Manager if the school finance officer /office manager have undertaken the reconciliation.

The Trust Finance Team will process all online income. All online payments should be recorded on the Trust finance system promptly.

### **Sales Invoices**

The School Business Partner are responsible for ensuring that sales invoices are issued where required using the financial system. Due regard must be given to ensure that VAT is charged where appropriate.

The school – Business Partner is responsible for ensuring a reconciliation of the Sales Control Account to the aged debtors report and for pursuing any outstanding monies due to the school.

### **Debt Recovery & the Write Off of Bad Debts**

Wherever possible, income due will be collected before or at the time of relevant sale or service provided. If this is not possible, a debtor's account (invoice) will be issued by the school administration team. All debts will be recorded, and non-payment will be followed up by issuing reminders as follows:

|                       |                                                                                            |
|-----------------------|--------------------------------------------------------------------------------------------|
| <b>1st reminder</b>   | 30 days from date of account or in the case of lettings before the first letting commences |
| <b>2nd reminder</b>   | 60 days from date of account                                                               |
| <b>Final reminder</b> | 75 days from date of account                                                               |

The final reminder will threaten legal action if the account is not settled within 14 days.

If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:

### **Returned Cheques**

In the case of returned cheques, the drawer will be contacted and instructed to pay online the amount of the cheque and any charges that the school has incurred.

### **Write Off of Bad Debts**

Where a debt remains unpaid for 12 months or more, all attempts of recovery have been exhausted, further recovery actions become uneconomical, and the individual amount is for less than or equal to £500 (£5,000 cumulative debts over a 12-month period) it will be written off by the

CFO as part of the year-end processes.

For individual amounts more than £500 (£5,000 cumulative debts over a 12-month period) approval is also required by the CEO in consultation with the CFO.

## **10) Banking & Cash Management**

### **Opening & Closing of Accounts**

The opening and closing of bank accounts must be authorised by the Trust Board.

New accounts are pre-authorised for schools where a funding agreement is agreed with the Department for Education.

Closing of former school fund accounts are pre-authorised for schools where this process has not been undertaken prior to conversion and should be undertaken as soon as possible following conversion.

### **Signatories**

The authorised signatories to accounts are limited as follows:

- CEO
- CFO
- Finance Manager
- Finance Officer
- Headteacher of Kennet School
- Chair of Trustees
- Chair of Finance & Risk Committee.

The authorised approvers for payments on the online banking system are limited to:

- CEO
- CFO
- Finance Manager or Finance Officer
- Headteacher of Kennet School.

### **Payments & Withdrawals**

Payments by cheques will be minimised as far as possible.

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

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

Cheque payments should be minimised, however, where required they shall be crossed "account payee only".

Cheques should not be pre-signed under any circumstance.

Unused cheque books should be stored securely in the central trust administrative office.

### **Bank Reconciliation**

The Trust finance team is responsible for ensuring that bank statements are received and reconciled at least monthly. Reconciling items should be resolved. The bank reconciliation shall be signed to confirm review and countersigned by the CFO. All signed copies of reconciliation documentation and monthly bank statements will be retained by the central trust finance team.

### **Monitoring Cash Flow**

The CFO is responsible for overseeing the forecasting and monitoring cash flow during the year to ensure that the Trust bank accounts have sufficient funds available to pay for day-to-day operations.

## **Investments**

The opening and transfer of funds to investment accounts can only be undertaken by the Finance Manager with the approval of the CFO.

## **Petty Cash Accounts**

Schools are not authorised to hold petty cash accounts. Schools will be able to hold temporary floats to support a school event. The float will be repaid into the bank immediately following the event.

## **Staff Reimbursements**

Staff reimbursements should be for small pre-authorised expenditure not exceeding £50 on any one item and not exceeding £100 in any one week to any one individual.

Each claim form must be made on the Trust Reimbursement Form, authorised and presented to finance team with an attached VAT receipt.

All staff reimbursements will be made by BACs Transfer direct to their nominated bank account. This excludes any mileage and subsistence payments which will be submitted on a separate form and payments made through payroll.

## **11) Assets & Inventory**

The inventory of assets in each school helps ensure that staff take responsibility for the safe custody of assets and:

- To enable independent checks to deter against theft or misuse.
- To manage the effective utilisation of assets and plan for their replacement.
- To support the annual report and accounts process and audit judgement.
- To support insurance claims in the event of fire, theft, vandalism, or other disasters.

Each school shall identify a named individual who shall be responsible for ensuring that an inventory is maintained for all items purchased with a value of £500 or more or of an attractive nature and should include the following:

- Asset Description
- Asset Number
- Serial Number
- Date of Acquisition
- Cost of Acquisition (excluding VAT)
- Source of Funding
- Expected useful economic life
- Location
- Name of member of staff responsible for the asset.

Individual members of staff will be responsible for the safekeeping of items within their classrooms.

## **Security of Assets**

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

All items on the inventory should be permanently and visible marked as the Trust's/schools property.

An annual audit of the contents of the inventory should be completed by a person independent from the person responsible for maintaining the inventory. Discrepancies between the physical count and the amount recorded in the inventory should be investigated promptly. Any significant discrepancy will be reported in accordance with the Anti-Fraud Bribery and Corruption Policy.

Where an item is used by the Trust but is not owned by it this should be noted.

### **Disposals (Excluding Land/Buildings/Heritage Assets)**

Items which are to be disposed of by sale or destruction with a fair value estimated to be below £5,000, must be authorised for disposal by the CEO.

Items which are to be disposed of by sale or destruction with a fair value estimated to be above £5,000, must be authorised by the Trust Board.

Disposal of equipment to staff should not be undertaken without prior formal approval by the CEO in consultation with the CFO who will consider the potential for sale/scrap value and any the wiping of any computer equipment of licences/software.

The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Trust assets. If the sale proceeds are not reinvested, then the Trust must repay to the DfE a proportion of the sale proceeds.

### **Acquisition & Disposal of Fixed Assets (Land/Buildings/Heritage Assets)**

The Trust must obtain prior approval from DfE for the following transactions:

- Acquiring a freehold of land or buildings
- Disposing of a freehold of land or buildings
- Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

### **Loan of Assets**

Items of Trust property must not be removed from the Trust/School premises without the prior approval of the CEO via the Executive Leader/Headteacher. A record of the loan must be recorded in a loan book and booked back in when it is returned.

If assets are on loan for an extended period or to a single member of staff on a regular basis this situation may give rise to a 'benefit in kind' for taxation purposes. Loans should therefore be kept under review and potential benefits discussed with the CFO who will consult with the Trust's Auditors as appropriate.

## **12) Gifts & Hospitality**

The Trust maintains a Gifts and Hospitality Policy which sets out the rules governing the acceptance and offering of gifts and hospitality. All staff and trustees must comply with this policy and record gifts and hospitality in the Trust's register where required.

## **13) Risk Management & Fraud**

The Risk Management Framework is documented separately.

The Trust must notify the DfE, 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.

## **14) Internal Financial Notice to Improve**

The Trust Board may issue an Internal Financial Notice to Improve to an individual school where there is a cumulative deficit, a projected deficit, cash flow problems or other financial difficulties (such as inappropriate use of public funds), or inadequate financial governance and management.

The Internal Financial Notice to Improve will set out the actions the Trust Board will expect the School to undertake in order to address the underlying cause(s) of the Trust Board's concerns about the financial management and/or governance of the Trust.

If an individual school is subject to an Internal Financial Notice to Improve, all of the delegated authorities and freedoms set out in the Trust's financial regulations and scheme of delegation will be revoked in relation to the individual School.

The Trust Board will formally determine as part of the Internal Financial Notice to Improve:

- any levels of delegated authorities and freedoms that will apply during the period of the notice dependent on the circumstances of each school considered
- the actions that must be and continue to be undertaken for the Financial Notice to
- Improve to be removed and full delegated authorities and freedoms set out in the Trust's financial regulations and scheme of delegation returned.

## **15) Dispensation from Financial Regulations**

The procedures set out in the Financial Regulations approved by the Trust Board should be always followed. However, there may be exceptional circumstances where a dispensation from the regulations is permitted including:

### **Emergency Action**

In the event of an emergency, the CEO together with the Chair of the Trust Board are empowered to authorise all necessary actions. The CEO and or Chair of the Board shall notify the CFO, in writing, of the circumstances and the estimated financial impact and report formally to the earliest Trust Board Meeting.