



**INSPIRE MULTI-SCHOOL TRUST**

# **FINANCIAL PROCEDURES HANDBOOK**

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## Approval Authorisation

Authorised by	
Chair of Inspire Multi-School Trust	Signature:  Print: Gaynor Crute  Date:

Revision	Date	Comments



## **Vision and Purpose of the Trust**

# Children First

- To create a group of schools that have a shared commitment to ensuring the highest possible outcomes for their children.
- Through close cooperation children, parents and teachers will share professional expertise, training opportunities and facilities to ensure that the whole is greater than the part.
- To create a learning environment where the highest possible standards are a feature of all schools.
- To establish a shared understanding of what works and a reflective, research based approach to school improvement.
- To celebrate and develop the uniqueness of each school within the M.A.T family of schools.

# InMAT Financial Procedures Handbook

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## **1. Introduction**

InMAT is committed to ensuring sound financial controls are in place and that all expenditure is in line with best value principles. It is essential that financial systems operate properly to meet the requirements of the funding agreement in place for each school with the ESFA and with the Academies Financial Handbook. InMAT will publish their annual accounts on their website by the end of January following the financial year to which the statement relates.

All staff and governors are required to comply with these Financial Procedures which set out the framework within which schools within the Trust conduct their finances.

All parties concerned are expected to be aware of their responsibilities with regard to sound internal financial controls. The implementation of the following practices and procedures will ensure that funds are efficiently used to enhance pupils' education.

## **2. Aims**

- A clear scheme of financial delegation exists to ensure governors and staff with financial responsibility are clear on their roles.
- All procurement arrangements achieve value for money.
- There are sound procedures in place for administering payroll and personnel matters.
- All income is identified, and all collections receipted, recorded and banked promptly.
- The Trust and its schools are adequately insured against exposure to risk.
- The use of petty cash is tightly controlled.
- Security and inventory of physical assets is well managed.
- The Trust/schools provide training in financial administration to members of staff.

## **3. Guidance**

The Trust is guided by various DfE/ESFA Handbooks

- Academies Financial Handbook 2017 (Issued August 2017)
- Accounts Return Guide Overview
- Value for Money Statement Guide
- Budget Forecasting guide for new Academies
- Accounts Directory
- Managing Public Money
- The Good Governance Standard for Public Service Organisations

#### **4. Not For Profit**

No individual or organisation can make a profit owing to their relationship with a given school or schools. Fair and open procurement processes must always be followed and any individual or organisation with a significant relationship with their school must deliver all services at no more than cost.

#### **5. Responsibilities**

The Trust has delegated decision and actions to committees and individuals with regard to financial management and control, as set out in the Scheme and Structure of Financial Delegation (Appendix 1). It is important that governors and senior staff are familiar with this document and comply with delegation arrangements in place.

The Trust will manage their affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life:

**Selflessness** - Holders of public office should take decisions solely in terms of the public interest.

**Integrity** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance or their official duties

**Objectivity** - In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

**Accountability** - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**Openness** - Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interests clearly demands it.

**Honesty** - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

**Leadership** - Holders of public office should promote and support these principles by leadership and example.

## **5.1 Board of Directors**

The Board of Directors will meet a minimum of three times a year.

The responsibilities of this committee are set out in the Terms of Reference in the InMAT Scheme of Delegation for Governance Functions document; this document is reviewed yearly.

## **5.2 Board of Directors – Finance and Audit Committee**

The Directors' Finance and Audit Committee meetings will be held five times a year, but additional meetings will be held if required. The responsibilities of this committee are set out in the Terms of Reference in the InMAT Scheme of Delegation for Governance Functions document; this document is reviewed yearly. The Trust Finance Officer will report to this committee.

## **5.3 Accounting Officer**

The Accounting Officer has responsibilities, under the board of Directors' guidance, for overall organisation, management and staffing and for procedures in financial and other matters, including conduct and discipline.

The Accounting Officer is personally responsible to Parliament and to the Accounting Officer of the ESFA for the resources under his/her control. The essence of the Accounting Officer role is a personal responsibility for the propriety and regularity of the public finance for which they are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; for ensuring value for money; and for the efficient and effective use of all the resources in their charge. Essentially the Accounting Officer must be able to assure Parliament and the public of high standards of probity in the management of public funds.

The Accounting Officer must advise the Board of Directors in writing if, at any time, in his or her opinion, any action or policy under consideration by the Trust Board is incompatible with the terms of the Handbook or ESFA. Similarly, the Accounting Officer must advise the board in writing if the board appears to be failing to act where required to do so by the terms and conditions of the handbook or ESFA.

Where the Board of Directors is minded to proceed, despite the advice of the Accounting Officer, the Accounting Officer must consider the reasons the board gives for its decision. If, after considering the reasons given by the Board, the Accounting Officer still considers the reasons proposed by the board are in breach of the Handbook or ESFA, the Accounting Officer must advise in writing the ESFA's Accounting Officer of the position. More detailed guidance on the role of an Accounting Officer is set out in Chapter 3 of the HM Treasury's *'Managing Public Money'*. The HM Treasury's handbook, *'Regularity, Propriety and Value for Money'* describes what these concepts mean in a financial context.

The ESFA's Accounting Officer will send a letter annually to all School Trust Accounting Officers, with updates for new Accounting Officers, setting out their key responsibilities and highlighting any changes from the previous years.

The Trust Accounting Officer, under the guidance of the board, must ensure that there is appropriate oversight of financial transactions. In doing so they must:

- Ensure that bank accounts, financial systems and financial records are operated by more than one person.
- Ensure that all the Trust's property is under the control of the Trustees and that measures are in place to prevent losses or misuse.
- Keep full and accurate accounting records.
- Prepare accruals accounts, giving a true and fair view to the Trust's incoming resources and application of resources during the year, and the state of affairs at the year-end, in accordance with existing accounting standards
- The Accounting Officer is personally responsible to the board, and through it to the Secretary of State and Parliament, for:
  - ensuring regularity and propriety
  - ensuring prudent and economical administration
  - avoiding waste and extravagance
  - securing value for money through the efficient, effective and economic use of available and resources and
  - the day to day organisation, staffing and management of the Trust

Further guidance on these responsibilities is set out in HM Treasury's "Managing Public Money".

The 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 will be delegated to the Trust's Finance Officer.

The Accounting Officer of the ESFA is required to provide assurance that the bodies that the ESFA funds on behalf of the Secretary of State are in sound financial health. For this reason, the Trust must submit to the ESFA a copy of the final budget in a form specified by the ESFA by a date to be notified.

The Trust's Accounting Officer is required to complete and sign a short statement each year to explain how the Trust has secured value for money. This should be completed as an annex to their annual Accounting Officer's statement. Both the Accounting Officer's statement and its annex on value for money will form part of the annual report accompanying the Trust's accounts and so must be sent to the ESFA and published on the Trust's website.

## **5.4 Trust Finance Officer**

The Trust Finance Officer has the following responsibilities:

- To provide leadership and advice on strategy in relation to all aspects of Finance.
- To act as a professional adviser to the Directors on Trust finance issues, including researching and communicating all statutory and legal changes.
- To ensure that the Trust's financial viability is secure, firmly based on accurate analysis, the optimum use of resources and the generation of sufficient surplus funding to meet development needs.
- To develop financial accountant functions of the Trust, in line with DfE, Companies House and Charity Commission Requirements.
- To ensure the financial sustainability of the Trust.
- To provide guidance to the Trust Finance Assistant on all financial matters.

## **5.5 Trust Finance Assistant**

The Trust Finance Assistant has the following responsibilities:

- To provide senior leadership and operational management across the Trust for all HR, Procurement and Facilities Management functions.
- To act as a specialist adviser to the Headteachers and Directors, as a member of the Business Management Group on Trust Finance, HR, procurement and site management issues, including researching and communicating all statutory and legal changes.
- To assist with Internal Finance and HR Audits across schools, ensuring compliance with agreed procedures across all schools within the Trust.
- To maximise income generation within the ethos of the Trust and to ensure Best Value principles are adopted.
- To oversee the Trust's insurance policies in all forms, including arranging their review.
- To oversee that the necessary licenses and permissions are obtained ensuring their relevance and timeliness.
- To manage and evaluate service level agreements across the Trust and keep such contracts under review to secure best value in the areas of service contracts, capital projects and insurance policies.
- To negotiate, manage and monitor contracts, tenders and agreements for the provision of services and explore cost saving initiatives.

## **5.6 Local Governing Body**

- The Governing Body has overall responsibility for the management of the school's finances, including setting of the school's budget, making sure it is reflective of the school's educational objectives and that it is linked to the School Development Plan.
- The responsibilities of the Local Governing Body are set out in the Terms of Reference in the InMAT Scheme of Delegation for Governance Functions document; this document is reviewed yearly.
- The main responsibilities of the Governing Body are set out in the Funding Agreement between the school and the ESFA.
- The Governing Body is responsible to develop a financial plan, which establishes best value principles and to approve the annual budget.
- Governors must review all financial information provided to them to make sure spending is line with projection.
- The Governing Body must consider advice from the Headteacher, School Resources Committee, Trust Finance Officer and the School Business Manager with regard to finance matters.
- The governors are collectively required to keep and update a register of pecuniary interests annually. Each governor and attendees must declare any interests at the beginning of any governors' committee meeting.
- The Governing Body will delegate the majority of actions and decisions to the Local Governing Body Finance and Resources Committee and to the Headteacher/ School Business Manager.

## **5.7 Local Governors Finance and Resources Committee**

The Governing Body will delegate responsibilities to the Resources Committee in relation to actions and decisions related to Financial Management. The Governing Body Resources Committee will be held five times a year. The responsibilities of this committee are set out in the Terms of Reference in the InMAT Scheme of Delegation for Governance Functions document; this document is reviewed yearly. The School Business Manager and Headteacher will report to this committee and, on occasions, the Trust Finance Officer may also attend this committee.

## **5.8 Headteacher**

The Headteacher has the following responsibilities:

- The Headteacher shall be responsible for the operation of financial processes within the school, ensuring that adequate operational and internal controls are in place and maintained in accordance with the Scheme and Structure of Financial Delegation and the Financial Procedures.
- The Headteacher shall ensure that full, accurate and up to date records are maintained in order to provide financial and statistical information and that the figures have been reconciled with the school's bank account. The Headteacher shall

ensure that the financial summary and other financial reports are available for scrutiny by the Finance and Resources Committee.

- The Headteacher is responsible to ensure all monies controlled by the school are handled in accordance with Trust regulations and sound financial practice. The Headteacher shall ensure that all records and documents are available for audit.
- The Headteacher is responsible to oversee staff dealing with finances and to ensure procedures are carried out accurately. They must make monthly checks and random checks of procedures.
- The Headteacher shall notify the Governing Body of variation in the school budget plan, approved by the Finance and Resources Committee and comply with spending guidelines set out in the Scheme and Structure of Financial Delegation (Appendix 1)
- The Headteacher shall ensure that all required reports to the Governing Body and ESFA authority are submitted promptly.

### **5.9 School Business Manager (SBM)**

The School Business Manager has the following responsibilities:

- Must prepare timely monthly management accounts, including income and expenditure reports.
- Must provide reports on current school accounts to the Finance and Resources Committee/Governing Body.
- Must make sure that orders, invoices, and other financial documents are processed timely and in accordance with Trust procedures.
- Are responsible for checking the accuracy of information and providing regular reports to the Headteacher and Governing Body.
- Are responsible for the office computer system and all financial and personnel papers. They need to ensure that only authorised staff members have access to personnel files.
- Are responsible for maintaining a list of all assets.
- Will maintain a list of all bank and building society accounts and the signatories for each.
- Will check monthly bank statements, look into possible errors, and forward copies to the Trust.
- Will advise the Headteacher on matters of financial administration.

### **5.10 Other members of staff**

All members of staff should be aware and have a general responsibility for the security of The Trust/school's property, for avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of The Trust's Scheme and Structure of Delegation and the values of purchases for which quotations and tenders are required (see Appendix 1).

They should make available any relevant records or information to any member of Trust staff or his/her authorised representative in connection with the implementation of the institution's financial policies, these financial procedures and the system of financial control.

They shall provide any member of the Trust staff with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Board of Directors.

Members of the teaching and non-teaching staff are encouraged to alert the Headteacher or Governor if areas of concern arise in respect of the school's financial affairs.

### **5.11 Audit**

The Trust adheres to the external audit regime as outlined in the Academies Financial Handbook (DfE 2017) and as required by Companies House. A programme of checks to be carried out by the Trust Business Manager is agreed by the Audit Committee. The programme for external audit is agreed with the external auditor approximately one month before the audit work is carried out.

The Accounting Officer must inform the DfE/ESFA and the directors immediately if the following are discovered or suspected:

- Loss of misuse of money

- Financial irregularities

- Fraud

## **6. Register of Interests**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all directors, governors, committee members and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Trust and its schools may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorship, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust and its schools. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a director, governor or a member of staff by that person.

Any person who is present at a meeting of a school or the Board of Directors must formally declare any interest they may have against any item that appears on the agenda. This relates to any contract, proposed contract or other matter that is being considered. The person must disclose the fact as soon as is practical at the meeting and take no part in the

consideration or discussion of the contract or matter concerned. In addition, the person cannot vote on any question with respect to the contract or matter being discussed.

## **7. Financial Planning**

The Trust under the direction of the Finance Officer and Accounting Officer prepares both medium-term and short-term financial plans.

The medium term financial plan is prepared as part of the development planning process. The improvement plan indicates how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The improvement plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year.

The development planning process and the budgetary process are described in more detail below:

### **7.1 Improvement Plan**

The improvement plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's objectives and targets to the resources expected to be available. Plans will be kept flexible and simple – they are the “big picture” within which more detailed plans may be integrated.

Each year the Accounting Officer, following discussion with the Trust Finance Officer will ensure that the Board of Directors receives information on:

- A review of past activities, aims and objectives – “did we get it right”
- Definition or redefinition of aims and objectives – “are the aims still relevant”
- Development of the plan and associated budget – “how do we go forward”
- Implementation, monitoring and review of the plan – “who needs to do what by when to make the plan work and keep it on course” and
- Feedback into the next planning cycle – “what worked successfully and how can we improve?”

The timetable will specify the deadlines for the completion of each of the key stages described above.

### **7.2 Trust Annual Budget**

The Finance Officer is responsible for preparing the annual budget for the Trust as a whole, compiling this from those budgets that have been prepared by the School Business Manager and Headteacher in each school. The Accounting Officer reviews the schools' annual budgets with the Trust Finance Officer before they are submitted to the Board. The budget for the Trust must be approved by the Accounting Officer and the Board of Directors.

The Trust Finance Officer, in conjunction with the Head teachers and School Business Managers, should recommend the annual budget for individual schools in the first instance before they are submitted to Local Governors Finance and Resources Committee. They are then ratified by the Local Governing Body and Board of Directors.

The approved budget must be submitted to the ESFA by 31<sup>st</sup> July each year. The Finance Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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

The budgetary planning process will incorporate the following elements:

- Forecast of the likely numbers of pupils to estimate the amount of DfE grant receivable.
- Review of other income sources available to the school to assess likely level of receipts.
- Review of past performance against budgets to promote an understanding of the Trust and schools' cost base.
- Identification of potential efficiency savings.
- Review of the main expenditure headings in light of the improvement. plan objectives and the expected variation in costs e.g. pay increases, inflation and other anticipated changes.

### **7.3 Balancing the budget**

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored, and expenditure headings reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternative planned areas of need. **The surplus should not be used to balance the school's budget.**

**In accordance with the DfE Funding agreement the Trust/schools are not allowed to set a deficit budget. If the Trust/school goes into deficit they are placed as "Financial Notice to Improve" by the ESFA.**

### **7.4 Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget should be prepared by the School Business Manager for approval by the Headteacher and signed off

by the LGB Finance Committee/Accounting Officer/Trust Finance Officer. If necessary the budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should 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 budget should be seen as a working document which may need revisiting throughout the year as circumstances change.

The draft budget should be issued to InMAT before the published deadline each year. This will allow InMAT to meet the DfE deadlines. Subject to approval by InMAT's Board of Directors, InMAT will submit the forecast to the DfE on behalf of the individual schools.

## **7.5 Monitoring and Reviewing**

Monthly reports will be prepared by the School Business Manager. Schools and the Trust are expected to complete their own monthly monitoring report. The reports will detail actual income and expenditure against budget for the Headteacher and the Trust. **These** reports must be submitted to the Trust Finance Officer by 10<sup>th</sup> working day of the following month.

The monitoring process should be effective and timely to highlight variances in the budget so that differences can be investigated and action taken where appropriate. If expenditure is found to be deviating greatly from budget, measures will be put in place with the purpose of ensuring that the school remains within its given budget by the end of the full academic year.

This could involve a complete halt on all non-essential spending and all expenditure requiring pre-approval by a member of the Trust staff.

## **8. Accounting Systems**

All financial transactions of the Trust and schools must be recorded into the Trust's preferred computerised financial information accounting system (currently Sage Education 200).

This system is operated by the School Business Manager in schools and by the Finance Officer for the Trust.

Entry into the Financial Management System is password restricted and the School Business Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months. When passwords are changed, the new password should be placed in a sealed envelope and kept in the school safe.

### **8.1 Transaction Processing**

All transactions input to the accounting systems must be authorised in accordance with procedures specified in this manual. The detailed procedures for the operation of the bank

account, payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

## **8.2 Transaction Reports**

The School Business Manager will obtain and review system reports to ensure that regular transactions are posted to the accounting systems. The reports obtained and reviewed will include:

- Audit trail reports.
- Payroll, purchase ledger, and sales ledger reports.
- Trial balance reports linked to bank statements.
- Cost centre reports summarising expenditure and income against budget.

## **8.3 Reconciliation**

The School Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Sales ledger control account
- Purchase ledger control account
- Payroll control account
- Bank balance per the reconciliation to the bank statement
- ESFA Reconciliation of Income

**The Headteacher will review and sign all reconciliation as evidence of this review which should then be sent to the Trust Finance Officer.**

## **9. Payroll**

The main elements of the payroll system are:

- staffing;
- payroll administration;
- payments.

### **9.1 Staffing**

The LGB will propose a personnel establishment for the school in their budget. Changes can only be made to this establishment with the express approval in the first instance of the School Finance Committee who must ensure that adequate budgetary provision exists for any establishment changes. This proposal is then submitted to the INMAT Finance and Audit Committee for final approval before the post can be advertised / removed.

Authority on all new appointments is delegated according to the INMAT Scheme of Delegation. The Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the INMAT Finance Officer immediately.

### **9.2 Payroll Administration**

The school payroll is administered through INMAT's payroll provider, currently EPM.

All staff are paid monthly through INMAT's payroll provider. A master file is created for each employee which records:

- salary
- bank account details
- taxation status
- personal details
- any deductions or allowances payable

New master files can only be created by the School Business Manager. Any master file amendments must be printed out each month prior to the payroll run and must be authorised by The Headteacher.

The Business Manager must complete monthly staff information on the portal which provides details for all staff in the section of sickness and other absences during the month and any new appointments or terminations. Any changes must be authorised by the Headteacher.

INMAT's payroll provider, EPM, issues a calendar providing the key dates to meet payroll deadlines. These dates must be met by each school.

### **9.3 Payments**

Before payments are dispatched an interim report must be downloaded directly from the payroll provider portal. The data obtained from the payroll provider should be checked against source documentation and initialled by the School Business Manager. Authority to release payment will be by the Headteacher. Academies must comply with confidential data processes and legislation.

All salary payments are made by BACS.

The School Business Manager should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This can be carried through the Trust's budgetary software (currently SBS online). This reconciliation should be reviewed and signed by the School Business Manager and Headteacher.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and these payments are collected by Direct Debit from the individual school bank account and should be authorised as stated above.

As part of an audit check, the School Business Manager should select two employees at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly, and this check should be recorded and available for checking by the INMAT Finance Officer.

After the payroll has been processed the General ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The School Business Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account and deal with these accordingly.

At the beginning of the Academic year the School Business Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the Headteacher / Headteacher's office.

## **9.4 Staff Appointments**

The Local Governing Body will propose a personnel establishment for the school in their budget. Changes can only be made to this establishment with the express approval in the first instance of the school Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The School Business Manager in each school maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the School Business Manager. The Trust Finance Officer will maintain InMAT's appointed staff files.

## **9.5 Staff Leavers**

Letters of resignation should be addressed to the Headteacher.

Leavers information to be entered on the portal and this should be completed by the School Business Manager, so that payroll can be amended accordingly. A copy of the leaver's details and letter of resignation will be kept in the employee's personnel file.

## **9.6 Special Payments**

Special payments, for example staff severance payments and compensation payments, must be authorised at Trust level.

## **9.7 Payroll Standing Data Verification**

The School Business Manager will provide the Headteacher on at least a termly basis, with a statement of all employees, (salary, grade, hours worked etc.) for verification.

## **9.8 Annual Pay Statements for Teachers**

All teachers are entitled to an annual payment statement by 31<sup>st</sup> October for teachers and 30<sup>th</sup> November for Headteachers, which will include:

- Details of salary (based on the agreed job description).
- Details of any financial benefits to which the member of staff is entitled.
- Any safeguarding arrangements if they apply.

## **9.9 Security and Retention of Documents**

The School Business Manager will have overall responsibility to ensure that all payroll records are kept securely.

## **10. Purchasing**

The Trust wants to achieve the best value for money from all purchases. This means the Trust/schools getting what they need in the correct quality, quantity and time at the best price possible. A large proportion of The Trust/schools' purchases will be paid for with public funds, and the Trust needs to maintain the integrity of these funds by following the general principles of:

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

## 10.1 Routine Purchasing

In the first instance, a supplier should be chosen from the list of approved suppliers which is provided by the Trust (to follow). A quote or price should be obtained before any order is placed, except in the case of an emergency maintenance call where the duration and final costs are unknown at the time of call out. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list, i.e. a better price is found on the internet, this must be discussed with the School Business Manager.

All orders must be made, or confirmed, in writing to the School Business Manager by internal order form. An official purchase order will then be raised on Sage system. Purchase order requests will be available from the school office. Orders must be approved in line with the Trust's Scheme and Structure of Financial Delegation. Purchase terms and conditions should be sent with the order.

The School Business Manager must make appropriate arrangements for the delivery of goods to the school. On receipt, a thorough check of the goods received must be made against the goods' delivery note. Any discrepancies between the goods delivered and the delivery should be raised immediately with the supplier. If any goods are rejected or returned to the supplier because they are not ordered or are sub-standard quality, the supplier must be notified immediately.

All invoices should be sent to the school. The School Business Manager will attach the Purchase Order and Delivery notes and complete the following checks on inputting to Sage:

- Invoice arithmetically correct
- Goods/services received as ordered
- Prices correct, including any discount
- VAT treated correctly

The invoice will then be processed accordingly:

- Invoice received following financial authorisation for Purchase Order, within Sage, will be processed for payment.

- Invoices received, without prior financial authorisation, must be signed in accordance with the Scheme and Structure of Financial Delegation (Appendix 1)

The School Business Manager will then input details of payment to be made to the purchase ledger and generate the cheques or BACS payment required, checking that sufficient funds are available before releasing payment. The cheques or BACS payments will be authorised in line with the Scheme and Structure of Financial Delegation (Appendix 1)

## **10.2 Ordering**

All orders for goods and services are subject to the following rules concerning quotes and tenders:

### **Order of £1,000 and below**

For orders under £1,000 any supplier should be sourced from the centrally approved list of suppliers held across the Trust. This list should be kept under regular review by the Trust.

Provided that the overall budget allocation is not exceeded, the Headteacher may authorise unavoidable expenditure (eg: energy costs) that exceed budget allocation. However, they must inform the Governing Body when the variance is in excess of £1,000.

### **Orders over £1,000 but less than £10,000**

At least two written quotations against a specified scope of works/goods to secure consistent quotations should be obtained for all orders between £1,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the School Business Manager for audit purposes. Telephone quotes are acceptable if these are evidenced by email confirmation of quotes received before a purchase decision is made. Purchases and contracts of between £1,000 and £10,000 will be disclosed to the Local Governing Body Finance Committee and Finance Officer for their review; purchases and contracts over £3,000 will be formally submitted to the Local Governing Body Finance Committee for approval and be submitted to Trust Finance Officer for their review.

### **Orders over £10,000 - £20,000**

At least three written quotations against a specified scope of works/goods to secure consistent quotation should be obtained for all orders between £10,000 and £20,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the School Business Manager for audit purposes. Telephone quotes are acceptable if these are evidenced and email confirmation of the quotes has been received before a purchase decision is made. Orders over £10,000 will be formally submitted to the Finance Officer/Trust Business Manager and Accounting Officer for approval. The delegation of authority between the school and Trust is set out in Scheme and Structure of Financial Delegation (Appendix 1)

### **Orders over £20,000 - £100,000**

At least three written Tenders against a specified scope of works/goods to secure consistent quotation should be obtained for all orders between £20,000 and £100,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the School Business Manager for audit purposes. Orders over £10,000 will be formally submitted to the Finance Officer and Accounting Officer for approval. The delegation of authority between the school and Trust is set out in Scheme and Structure of Financial Delegation (Appendix 1).

### **Orders over £100,000**

All goods/services ordered with a value over £100,000 or for a series of contracts which in total exceeds £100,000 must be subject to formal tendering procedures. Purchases of suppliers or services over £175,000 (current limit) may fall under EU procurement rules which requires advertising in the Official Journal of European Union. Guidance on the OJEU thresholds is given in Annex 3d to the Academies Financial Handbook. ***Note – it is the responsibly of the Trust office to check the prevailing OJEU levels of spend threshold as these fluctuate against currency changes and may go up or down in any given financial year.*** It is also critical to note that the **total contract value** is the figure that needs to be assessed – for example, a multi-year service contract which will equate to a spend of over the OJEU threshold is still required to go via OJEU compliant framework or open tender process.

### **Form of Tenders**

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

#### **Open Tender:**

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Headteacher/Business Manager how best to advertise for suppliers (e.g. general press, trade journals or direct contact). 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 Trust's requirements.
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

### **Negotiated Tender:**

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

- The above methods have resulted in either no or unacceptable tenders.
- Only one or very few suppliers are available.
- Extreme urgency exists.
- Additional deliveries by the existing supplier are justified.

### **Preparation for Tender:**

Full consideration should be given to:

- Objective of project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract

It is 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 any 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 (Best value).

- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- If there scope for negotiation? This must be considered.

#### Technical/Suitability

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

#### Other considerations

- Pre-sales demonstrations
- After sales service
- DBS clearance
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after-sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.
- If in practice there is a sole provider of the goods or services, appropriate consideration will be given to ensuring that value for money is being obtained (which may include benchmarking similar services or providers elsewhere in the country) and evidence retained for audit purposes.

### **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. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

### **Tender opening procedures**

All tenders submitted should be opened at the same time and the tender details should be recorded. A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by those people present at the tender opening. A member of the Trust Finance Committee should be involved in the opening and evaluation of all tenders.

## **Tendering Evaluation Procedures**

The evaluation process will involve at least two people. Those involved shall 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 making a decision shall not accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records will be kept of all criteria used for evaluation and, for contracts over £20,000, a report should be prepared for the Trust Finance Committee highlighting the relevant issues and recommending a decision. For contracts under £20,000 the decision and criteria should be reported to the Local Governing Body Finance Committee.

Where required, the conditions attached to a specific DfE grant, 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. All parties shall then be informed of the decision.

In the event that a tender other than the lowest is accepted, those involved in making the decision shall document and report the reasons for not accepting the lowest bid to the Board of Directors.

## **Retention of Records**

All relevant documents relating to the tender process (including minutes of meetings held and a written record of the reasons for the decisions made) shall be retained by the Trust/school for audit purposes.

## **10.3 Supplier Statements**

The Trust/schools are required to keep their creditor's supplier statements monthly. These should be reconciled back to Sage and marked accordingly.

## **10.4 Business Debit Card**

### **Issue**

- The Governing Body will formally minute an agreement to approve the use of the Business Debit Card, to accept responsibility for its use and to accept all terms and condition outlined in the school's current procurement policy.
- The Business Debit Card must only be issued in the name of the school.
- The Trust will issue a PIN number to a responsible member of staff and under no circumstances should this be communicated to any other individual.
- Nominated cardholders must sign an agreement countersigned by the Headteacher which states that they understand the terms and conditions of use. A copy of each agreement should be kept on the school file and with the Trust.

- Members of staff found to breach the terms and conditions for use of their card will have the card confiscated and disciplinary action may also be taken.
- Any costs/charges incurred arising as a result of a card being misused will be charged to the person responsible.
- The form to be used in reconciling is attached in Appendix 5.

### **Usage**

- The Business Debit Card should only be used by nominated officers and must not be shared with other members of staff for their personal use.
- The Business Debit Card must only be used for low value expenses incurred wholly, necessarily, and exclusively for business purposes. The delivery address should always be that of the school.
- Business Debit Cards payments should not exceed the maximum limit for single transactions, daily and total monthly spend agreed by the Governing Body.
- There must be a clear segregation of duties between the nominated cardholder and the officer responsible for reconciling/authorising the monthly statement.

### **Restrictions**

- The Business Debit Card must not be used for any non-business or personal expenses. Selected merchant/retailer types could be restricted by the card issuer to prevent expenditure on non-approved items.
- The Business Debit Card must not be used for regular payments to creditors.
- The Business Debit Card must not be used to obtain cash from an automatic transaction machine (ATM) or to guarantee any cheque or obtain cheque encashment.
- The Business Debit Card should not be used to obtain goods/services which can be procured via the school's corporate contracts electronic procurement system.
- Except in emergencies, the Business Debit Card should not be used to purchase fuel or other motoring expenses while travelling in a personally owned or leased vehicle. Reimbursement of this expenditure must be made via the travel expenses claims process.
- Only secure sites should be used to make online purchases (for example the website shows the padlock symbol, Verisign, Bobby or is another secure pay site). If there is any doubt as to whether it is a secure site, the purchase should not be made.
- Personal loyalty cards must not be used in conjunction with the Business Debit Card issued by school.
- Business Debit Card insurance and/or subscription for card protection service must not be purchased.

## **Record Keeping, Reconciliation & Payment**

- The Governing body will ensure that a robust and appropriate system is in place to accurately record and monitor all expenditure incurred on the Business Debit Card. **Copies of monthly statements should be signed off by the LGB Finance Committee.**
- Receipts/invoices are required to support every item of expenditure and separate VAT receipts/invoices obtained if any purchases contain any VAT charges.
- Receipts/Invoices must be attached to the Business Debit Card Statement and provided to the Headteacher, along with a summary of expenditure.
- Debit expenses forms must be submitted in a timely manner and no later than the last day of the month following the card statement date.
- The full balance of the Business Debit Card must be paid off by the due date after all outgoing transactions have been checked by the Headteacher and the receipts/invoices reconciled to the account statement.
- Transactions and supporting documents must be kept for a period of seven years plus the current financial year so that they can be produced if any audit is undertaken.

## **Security**

- The Business Debit Card must be kept in a secure place e.g. locked drawer/ filing cabinet or the school safe when not in use.
- PIN numbers must be kept secure and not disclosed to unauthorised personnel.
- The bank, Headteacher and Trust must be notified immediately if the card is lost or stolen or fraudulent use is suspected.
- The Business Debit Card will remain the property of the Trust and in the event of termination of employment or change of circumstances, the cardholder will surrender the card to the Headteacher on their last day of employment or the applicable date of change.

## **11. Income**

The main sources of income for schools are grants from the DfE and Local Authority. The receipt of these sums is monitored by the School Business Manager who is responsible for ensuring that all grants due to the school are collected.

The school also obtains income from:

- Pupils, mainly for trips,
- The public, mainly for lettings
- Other schools and organisations
- Insurance reimbursement

### **11.1 Trips**

A lead teacher must be appointed for each trip to take responsibility for the organisation of the trip. The sum to be charged for the trip must be discussed and authorised by the Headteacher. The letter and permission slips will then be prepared by the school office and a record created of all pupils going on the trip. Parents will be encouraged to make all payments using cashless systems to reduce cash handling in the office. The School Business Manager should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a regular basis so they can chase up additional permission slips and payments. Costs of trips need to be covered by parent contributions.

## **11.2 Free School Meals**

Free school meals can only be provided when confirmation of entitlement from the Local Authority has been received.

## **11.3 Music Tuition**

The School Business Manager is responsible for recording music tuition fees. Tuition fees are paid on Sage in payment of the sales invoices. Where possible parents should be encouraged to make online payments into the school bank account to reduce cash handling in the office. The print-out and banking must be cross checked and signed.

## **11.4 Lettings**

The School Business Manager is responsible for maintaining records of bookings of all facilities and for identifying the sums due from each organisation. Details of organisations using the facilities will be held by the School Business Manager who will establish a sales ledger account and produce a sales invoice from Sage.

Organisations using the facilities should be instructed to send all payments to the school office. All income must be receipted and banked promptly. The print-out and banking must be cross checked and signed.

The School Business Manager is responsible for ensuring that organisations using school facilities have adequate insurance and have completed the necessary occupancy agreements where relevant.

## **11.5 Online Payments**

Online secure payments should be encouraged and facilitated where possible to reduce cash handling and reconciled against Sage.

## **11.6 Debts**

Debts may only be written off as per the Scheme and Structure of Financial Delegation (Appendix 1). Additionally, the DfE's prior approval is also required if debts to be written off

are above the values set out in the latest Academies Financial Handbook – which are currently 1% of annual income or £45,000, whichever is the smaller per single transaction.

### **11.7 Custody**

Receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the safe prior to banking. Banking should take place at least weekly.

The school, where possible, should have arrangements in place for monies to be collected securely from the school for banking and avoid individuals carrying money to the bank.

### **11.8 Sales Ledger**

Monies collected must be banked in their entirety in the appropriate bank account. The School Business Manager is responsible for listing all local income which has been banked on Sage.

### **11.9 VAT**

The Trust is currently not VAT registered, and thus claims are made on Form 126. VAT 126 forms are currently prepared on a quarterly basis by the Trust. VAT can only be claimed back in full if it relates to education activities. For VAT incurred on business activities, the school must complete a partial exemption calculation to arrive at the reclaimable business VAT amount.

The school receives the VAT refund into their school bank account via the Trust.

## **12. Cash Management**

The opening of all accounts must be authorised by the Accounting Officer. The Trust has one current account. Each School has a main school account and should have a school fund bank account.

Signatories for cheques are generally as follows:

<b>Member of staff</b>	<b>Cheques</b>
Headteacher	Signing
Deputy Headteacher	Signing
Governor	Signing re-imburement to HT/DHT and cheques requiring three signatures

### **12.1 Appointment of bankers**

The Directors are responsible for the appointment of the Trust’s bankers on the recommendation of the Board of Directors Finance Committee. The appointment shall be

for a three year period after which consideration shall be given by the Finance Committee to competitively tendering the service.

## **12.2 Petty Cash**

The school maintains a maximum cash balance of £100.00. The cash should be administered by the School Business Manager and kept in the office safe.

## **12.3 Deposits**

Particulars of any deposits must be entered on a copy paying-in-slip, counterfoil or listed in a supporting book. The details should include:

- The amount of the deposit
- A reference, such as the number of the receipt or the name of the debtor

The entry will be recorded within SAGE weekly.

## **12.4 Payments and withdrawals**

All cheques and other instruments authorising withdrawal (including cheques/BACS payments) from the Trust or schools' bank account must bear the signatures of two of the authorised signatories. The required signatories, or approvers, can be seen in the Scheme and Structure of Financial Delegation (Appendix 1)

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Trust. Authorised signatures must not sign a cheque relating to goods or services which they have also ordered.

No payments will be made in advance of invoices being received. Cheques must not be pre-signed and only manuscript signatures must be used.

## **12.5 Administration**

The School Business Manager must ensure bank statements are regularly received and that **reconciliations are performed monthly**. Reconciliation procedures must ensure that;

- All bank accounts are reconciled to Sage.
- Reconciliations are subject to an independent monthly review carried out by the Headteacher and Trust Finance Officer and adjustments arising are dealt with promptly. The signed bank statement needs to be sent through with the monthly finance monitoring report **before the 10<sup>th</sup> day of every month**.

## 12.6 Cash Flow Forecasts

The School Business Manager will prepare and present monthly 12 months rolling cash flow forecasts to the Headteacher and the Local Governing Body Finance Committee to identify expected cash balances throughout the year.

This forecast should be emailed to the Trust Finance Officer monthly by the 10<sup>th</sup> working day.

## 13. Fixed Assets

### 13.1 Fixed Asset Register

All items purchased with a value over the school's capitalisation limit of £500, must be entered on the fixed asset register. The asset register should include the following information.

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Source of funding (% of original cost funded from DfE grant and % funded from other sources)
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset

An inventory of equipment, with the addition of portable IT equipment, should be added to an inventory and checked annually. The inventory should include:

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Expected useful economic life
- Location
- Name of member of staff responsible for the asset

The Asset Register and Inventory help:

- To ensure that staff take responsibility for the safe custody of assets.
- To enable independent checks on the safe custody of assets, as a deterrent against theft or misuse.
- To manage the effective utilisation of assets and to plan for their replacement.
- To enable external auditors to draw conclusions on the annual accounts and the Trust financial systems.

- To support insurance claims in the event of fire, theft, vandalism or other disasters.

<b>Member of staff</b>	<b>Inventory</b>
Headteacher	Authorising write-offs under £500
Deputy Headteacher	Signing (absence cover)
SBM/Office Manager	Administration and annual report
Governor	Authorising write-offs over £500

## **13.2 Depreciation**

Depreciation on assets is as follows:

Buildings	-	not included on Trust accounts
Furniture and Equipment	-	20%
Fixtures and Fittings	-	20%
Computer Equipment	-	25%

## **13.3 Security of assets**

All the items in the Fixed Asset Register and items of value on the inventory should be permanently and visibly marked as the school's property, where practicable, and there should be a regular (at least annually) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the governing body. Inventories of school property should be kept up to date and reviewed regularly. Where items are used by the school but do not belong to it, this should be noted.

## **13.4 Disposals**

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

- Acquiring a freehold of land & building
- Disposing of a freehold of land & 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.

Approval for disposal of all other assets sits with the Trust; items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher in consultation with the Accounting Officer and Trust Finance Officer and, where significant, should be sold following competitive tender.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the school obtained value for money in any sale or scrapping of equipment. In addition, there are complication with the disposal of computer equipment, as the school would need to ensure licences for software programmes have been legally transferred to a new owner.

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

For further information please refer to the Asset Control Policy

## **14. Borrowing**

In line with funding agreements and the latest version of the Academies Financial Handbook, the entire Trust is prohibited from borrowing without first obtaining ESFA approval.

Credit cards must only be used for business expenditure and balances cleared before interest accrues.

## **15. Leases**

All leases must gain prior approval at Trust level.

There are two types of lease as defined under relevant reporting standards. There are finance leases (which are a form of borrowing) and there are operating leases (which do not involve borrowing). If there is any doubt as to whether or not a particular lease does or does not involve an element of borrowing, the issue should be resolved by contacting the external auditor, via the Trust staff.

The school may take out and grant other types of lease, without the Secretary of State's approval. Leases should be disclosed in the Trust's annual accounts in accordance with the Academies Accounts Direction.

If a school does wish to enter into a lease that requires the Secretary of State's consent, then the Trust will need to contact the ESFA. This must first be authorised by the Accounting Officer. The Trust must ensure that any lease arrangements maintain the principles of regularity, propriety and value of money, whether or not the approval of Secretary of State is required.

## 16. Compensation Payments to Staff

The latest Academies Financial Handbook provides that up to £50,000 in non-contractual/non-statutory entitlement can be paid in such a way without obtaining approval from the ESFA. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, ESFA approval must be obtained in advance. See below table for examples on limits where referral to the ESFA, regarding non-statutory/non-contractual payments to employees, will be required.

(Table source – Academies Financial Handbook 2017).

Statutory/contractual payments		Non-statutory/non contractual payment	ESFA prior approval required?
£40,000	+	£49,999	No
£80,000	+	£49,999	No
£40,000	+	£50,000	Yes – for £50,000
£80,000	+	£50,001	Yes – for £50,001

## 17. Ex gratia payments

Ex gratia payments are separate to other classes of special payments and must always be referred to ESFA for prior authorisation.

## 18. Loan of Assets

Loan of Trust/school assets should be discouraged at all times.

Items of school property must not be removed from the school premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book by the School Business Manager and booked back into school when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis, the situation may give rise to a “benefit-in-kind” for taxation purposes. Loans should, therefore, be kept under review and any potential benefits discussed with the Trust’s auditors.

## 19. Storage of Records

The school will retain all documents in accordance with the Records Management Society’s guidelines. Financial records should be kept for seven years. At the end of each financial year, all records should be boxed up for secure storage – clearly listing the date of disposal.

## 20. Gifts

The Trust has a register for the acceptance of gifts, hospitality, awards, prizes or any other benefits which might be seen to compromise personal judgement or integrity; and ensures that all members of staff are made aware of this.

- Staff are not allowed to accept significant personal gifts from clients/parents/families, contractors and other suppliers. Any gifts with a fair value above £25 must be recorded on the gift register.
- Staff can only accept offers of hospitality if there is a genuine need to impart information or represent the school in the community. Hospitality cannot be accepted from a contractor during a tendering period.
- Any gifts made to the Trust/school, or to an employee, above the value of £25, must be listed on the gifts register and approved.
- When giving gifts please refer to Annex 4.12 of HM Treasury's 'Managing Public Funds' (follow the link from Page 31 on the ESFA document).

## **21. Suspected Fraud**

In the case of suspected fraud, the Audit Committee must be notified and the external auditors called in to undertake a full investigation if required. The Accounting Officer, in consultation with the Audit Committee, will decide whether the police should be notified. The Secretary of State/ESFA must be notified of any loss arising from suspected theft or fraud exceeding £5,000 individually, or £5,000 cumulatively in any financial year (AFH 2017 4.8.2). Any unusual or systematic fraud, regardless of value, must also be reported.

## **22. Whistleblowing Policy**

The Trust is committed to the provision of the highest quality services for local people and to full accountability for the services it provides. It is committed to the highest standards of conduct and has in place detailed rules, regulations, quality standards and procedures to ensure that these standards are observed. However, sometimes malpractice and wrongdoing may occur. The Trust is not prepared to tolerate any such malpractice or wrongdoing in the performance of its services.

The Whistleblowing Policy is intended to be a clear and unequivocal statement that whenever any malpractice or wrongdoing by Trust/school staff, contractors or suppliers is identified or reported, it will be promptly and thoroughly investigated and that the alleged malpractice or wrongdoing will be rectified as necessary. The Trust will also investigate means of ensuring that such malpractice or wrongdoing can be prevented in the future.

The policy is based upon the overriding principle that the public interest and the needs of service users must come first. The Whistle-blowing Policy complies with the requirements of the Public Interest Disclosure Act 1998 and is available to all staff. See the Whistleblowing Policy for more details.

## **23. The Data Protection Act**

The Trust and its schools are registered under the Data Protection Act.

## **24. Insurance**

The Trust reviews all risks annually to ensure the cover available and the sums insured are adequate.

The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.

The Trust will not give any indemnity to a third party.

The school will immediately advise the insurers of any accident, loss or other incident which may give rise to an insurance claim. This must be done via appropriate and agreed claim procedures.

## **25. Business Continuity Plan**

The Trust has a Business Continuity Plan for Disaster Recovery in the Event of a Critical Incident.

Schools should also each have a plan in place to cope with any potential event which could cause a disruption to their daily activity (a "Business Continuity Plan"). Each school has its own set of circumstances and should therefore tailor its Business Continuity Plan to those individual circumstances.

It is the responsibility of the Headteacher to ensure that such a written plan is in place and communicated to all staff (and copied to the Trust).

The Trust has Business Interruption Insurance in place to assist with any additional costs incurred in temporarily relocating the school premises.

# InMAT Scheme of Delegation

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## Glossary

In this document, the following words or phrases are the following meanings.

1. 'Board of Directors' may, in other documents be referred to as the 'Board of Trustees'
  2. 'The Board' always refers to the Board of Directors
  3. 'Academy' means 'School'
  4. 'LGB' means Local Governing Body of an Academy
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## Governance structure and lines of accountability

The Board of Directors is responsible for the three core governance functions.

The Board of Directors appoint the **Chief Executive Officer (CEO)**, to whom it delegates responsibility for delivery of its vision and strategy, and will hold the CEO to account for the conduct and performance of the trust, including the performance of the academies within the trust, and for its financial management.

In turn, the CEO line manages the **Academy Headteachers**, setting their targets and performance managing them.

The Board constitutes three committees for **Audit, Teaching, Learning & Pupil Outcomes and Finance/Pay/HR**; these look in detail at resources and progress, attainment and wellbeing across the trust. As Board committees, at least three Directors must sit on each.

The **Geographically based Cluster Councils** are in place as a mechanism to support projects and events, to provide a means for consulting with staff, pupils and parents at their relevant schools and to promote stakeholder engagement. Terms of Reference including lines of communication for the Cluster Councils are attached as Appendix 1. School improvement support activities are a particular feature of the Cluster Council's activity. LGB representatives and staff are expected to sit on the Council.

Directors do not need to sit on this Council. The CEO is required to seek advice from the Chairs of the Cluster Councils as required and to be in attendance as and when appropriate.

# InMAT Scheme of Delegation

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## Roles and Responsibilities

### The role of the Members

The Members of the Trust are guardians of the governance of the Trust and, as such, have a different status to Directors. Originally they were the signatories to the Memorandum of Association and agreed the Trust's first Articles of Association (the legal document which outlines the governance structure and how the trust will operate). The Articles of Association also describe how members are recruited and replaced, and how many of the Directors the Members can appoint to the Trust Board. The Members appoint Directors to ensure that the trust's charitable object is carried out and so must be able to remove Directors if they fail to fulfil this responsibility. Accordingly, the Trust Board submits an annual report on the performance of the trust to the Members. Members are also responsible for approving any amendments made to the Trust's Articles of Association.

InMAT has five members, and one is a Director. Members are not permitted to be employees of InMAT and attend all Board meetings. Following advice in DfE's governance handbook, the members increased from three to five in November 2017.

### The role of the Directors

The MAT is a charitable company and so Directors are both charity Trustees (within the terms of section 177(1) of the Charities Act 2011) and company directors. Because Trustees are bound by both charity and company law, the terms 'trustees' and 'directors' are often used interchangeably.

InMAT has 8 non-executive Directors of which one is the Development Director of the Inspire Teaching School. Additionally the CEO and CFO are members of the Board together with three Executive Directors who are head teachers, elected by the academies in their cluster.

# InMAT Scheme of Delegation

The Directors are responsible for the general control and management of the administration of the trust, and in accordance with the provisions set out in the Memorandum and Articles of Association and its funding agreement, it is legally responsible and accountable for all statutory functions, for the performance of all schools within the trust, and must approve a written scheme of delegation of financial powers that maintains robust internal control arrangements. In addition it must carry out the following core governance functions:

1. Ensure InMAT is maintaining its ethos and aims for the benefit of the children in its care
2. Comply with InMAT's Memorandum and Articles and the law
3. Act in InMAT's best interests
4. Manage InMAT's finance and other resources responsibly
5. Act with reasonable care and skill
6. Ensure InMAT is accountable and holding the executive to account

The Board of Directors has the right to review and adapt its governance structure at any time which includes removing delegation.

## The role of Board committees

The Directors have established four committees to carry out some of its governance functions which include making decisions pertinent to their area of interest, although any decisions made will be deemed decisions of the Trust Board. The membership and responsibilities of Board committees are set out in the committee's terms of reference. The Trust Board will appoint Board committee chairs and committee members according to their skills.

InMAT has three Board committees; **1. Audit 2. Teaching, Learning & Pupil Outcomes 3. Finance/Pay/HR**

# InMAT Scheme of Delegation

## The role of the chief executive officer (CEO)

The CEO has the delegated responsibility for the operation of the Trust including the performance of the Trust's academies and so the CEO will performance manage both executive headteachers and headteachers. As there is the delegation of some governance functions to LGBs and cluster committees, this is usually with the academy or cluster committee chair alongside.

The CEO is the Accounting Officer so has overall responsibility for the operation of the InMAT's financial responsibilities and must ensure that the organisation is run with financial effectiveness and stability; avoiding waste and securing value for money.

The CEO leads the executive management team of InMAT. The CEO will delegate executive management functions to the executive management team and is accountable to the Board for the performance of the executive management team.

## The role of the LGBs

The Directors will establish LGBs to carry out some of its school level governance functions, although as Directors are not required to sit on LGBs, decision making is limited. Usually the Directors will appoint the Chair and a majority of members of the LGB, and ensure that two parents are elected to each.

Delegated functions will include:

- Building the closest understanding of how the school is led and managed
- Monitoring whether the school is:
  - Working within agreed policies
  - Is meeting the agreed targets
  - Managing its finances well
- Engaging with stakeholders
- Being a point of consultation and representation
- Reporting to the board.

# InMAT Scheme of Delegation

LGBs have fewer responsibilities in the MAT structure than previously as individual schools. This is because the business of governance is layered in InMAT with key responsibilities lying with the Board of Directors.

The role of LGBs is, however, critically important in that they maintain and support the Headteacher and staff in the school and provide critical assistance across important areas of activity. They are also the eyes and ears of the Board of Directors.

In InMAT, LGBs can choose to slim down their membership if they chose to do so. The scheme and rationale for that is described in Appendix 2. An LGB that wishes to migrate to the smaller model must submit their proposals to the Board of Directors who would be expected to agree them in all normal circumstances.

## The role of the academy headteacher

The academy principal is responsible for the day to day management of the academy and is managed by the chief executive but reports to the academy committee on matters which have been delegated to it which may include an element of monitoring and scrutiny of the school's management processes.

## InMAT Scheme of Delegation

InMAT Committees
Key
Column 1: Members
Column 2: Board of Directors of InMAT
Column 3: InMAT Audit Committee
Column 4: InMAT Finance Committee
Column 5: InMAT Teaching Learning and Pupil Outcomes Committee
Column 6: Chief executive officer
Column 7: LGB
Column 8: Academy headteacher
<b>Grey box</b> Function cannot be legally carried out at this level.
✓ Action to be undertaken at this level
<b>A</b> Provide advice and support to those accountable for decision making
< > Direction of advice and support

## InMAT Scheme of Delegation

Academy Committees									
Area	Decision	Delegation							
		Members	Trust Board	Committees			CEO	LGB	Academy Head
				Audit	Finance	Teaching Learning and Outcomes			
<b>Governance framework</b>									
<b>People</b>	Members: Appoint/Remove	✓							
	Directors: Appoint/Remove	✓	✓						
	Role descriptions for Members	✓							
	Role descriptions for Directors/chair/specific roles/committee/council members: agree		✓				<A		
	Parent trustee/committee/council member: elected		✓					✓	
	Board committee chairs: appoint and remove		✓	✓	✓	✓	<A		
	Academy committee/council chairs: appoint and remove		✓				<A		
	LGB appointments: agree		✓						
	LGB Constitutions: agree		✓						

Appendix 1

## InMAT Scheme of Delegation

	Clerk to InMAT board and its committees: appoint and remove		✓						
	Clerk to School Board and its committees: appoint and remove		✓					✓	
Systems and structures	Articles of Association: review and agree	✓	<A				<A		
	Governance structure (committees) for the trust: establish and review annually		✓				<A		
	Terms of Reference for Board committees and scheme of delegation for LGBs: agree annually		✓				<A		
	Skills audit: complete and recruit to fill gaps		✓				<A>	✓	A
	Annual self review of Trust Board and committees: complete annually		✓						
	Annual self review of LGBs/councils: complete annually							✓	
	Chair's performance: carry out 360 review periodically		✓					✓	
	Trustee /LGB/council member contribution: review annually		✓					✓	
	Succession: plan		✓				<A>	✓	A
	Annual schedule of business for trust board: agree		✓	✓	✓	✓	<A		

Appendix 1

## InMAT Scheme of Delegation

	Annual schedule of business for academy committee/council: agree							A>	✓	A
<b>Reporting</b>										
<b>Reporting</b>	Publication on Trust and schools' websites of all required details on governance arrangements: ensure		✓					<A	✓	A
	Annual report on performance of the Trust: submit to Members and publish		✓					<A		
	Annual report and accounts including accounting policies, signed statement on regularity, propriety and compliance, incorporating governance statement demonstrating value for money: submit		✓	<A				<A		
	Annual report work of LGBs/council: submit to Trust and publish								✓	A
<b>Being Strategic</b>										
	Determine Trust-wide polices which reflect the Trust's ethos and values (facilitating discussions with unions where appropriate including: admissions; charging and remissions; complaints; expenses; health and		✓	✓	✓	✓		<A		

Appendix 1

InMAT Scheme of Delegation

Being Strategic	safety; premises management; data protection and FOI; staffing policies including capability, discipline, conduct and grievance: approve								
	Determine school level policies which reflect the school's ethos and values to include e.g. admissions; SEND; safeguarding and child protection; curriculum; behaviour: approve		✓	✓		✓	A>	✓	A
	Central spend / top slice: agree		✓	<A			<A		
	Management of risk: establish register, review and monitor		✓	<A		<A	<A>	✓	A
	Engagement with stakeholders	✓	✓	✓		✓	✓	✓	✓
	Trust's vision and strategy, agreeing key priorities and key performance indicators (KPIs) against which progress towards achieving the vision can be measured: determine		✓				<A		
	Schools vision and strategy, agreeing key priorities and key performance indicators (KPIs) against which progress towards achieving the vision can be measured: determine		✓				A>	A	✓

Appendix 1

InMAT Scheme of Delegation

	Chief Executive Officer: appoint and dismiss		✓						
	Academy headteacher: appoint and dismiss						✓	<A	
	Budget plan to support delivery of trust key priorities: agree		✓	<A			<A		
	Budget plan to support delivery of school key priorities: agree						✓		A
	Trust's staffing structure: agree		✓	<A		<A	<A		
	School staffing structure: agree						✓		A
	<b>Holding to account</b>								
<b>Holding to account</b>	Auditing and reporting arrangements for matters of compliance (e.g. safeguarding, H&S, employment): agree		✓	✓		✓	<A>	✓	A
	Reporting arrangements for progress on key priorities: agree		✓	<A		<A	<A>	✓	A
	Performance management of the Chief Executive Officer: undertake		✓						

Appendix 1

InMAT Scheme of Delegation

	Performance management of academy headteacher: undertake						✓	A	
	Trustee monitoring: agree arrangements		✓				<A		
	LGB member monitoring: agree arrangements							✓	A
	LGB overall performance monitoring: agree arrangements		✓				<A		
<b>Ensuring financial probity</b>									
Ensuring financial probity	Appoint Chief Financial Officer for delivery of Trust's detailed accounting processes		✓	<A			<A		
	Trust's scheme of financial delegation: establish and review		✓	✓	✓		<A		
	School's scheme of financial delegation: establish and review			✓	✓		<A		
	External auditors' report: receive and respond		✓	<A			<A	✓	A
	CEO pay award: agree		✓						

Appendix 1

InMAT Scheme of Delegation

	Academy headteacher pay award: agree						✓	A	
	Staff appraisal procedure and pay progression: review and agree		✓				✓		
	Benchmarking and trust wide value for money: ensure robustness			✓			<A		
	Benchmarking and academy value for money: ensure robustness			✓				✓	A
	Develop Trust-wide procurement strategies and efficiency savings programme			✓			✓		
	Review and approve Trust-wide procurement strategies and efficiency savings programme			✓					

## Appendix 1

# InMAT Scheme of Delegation

## Appendix 1

### Cluster Council Terms of Reference

A flexible and responsive mechanism for addressing local projects, events and school improvement, the Cluster Council (the 'Council') brings together representatives from InMAT schools located near each other and sits below The Board committees and is created in addition to the LGBs in each individual academy. The council will take a local, shared and collective view of issues raised. This committee is largely advisory and not a decision making group.

- Membership is drawn from academies in the designated area including headteachers, senior staff and LGB governors, at least two representatives from each academy; the CEO has a right to attend all meetings
- A chair is elected by the Council
- Meetings should take place three times a year, more often if there is quorate (more than 50% membership) agreement to fulfil a particular need
- Council business should be recorded, ideally by a clerk or a member of the Council in turn
- The Council acts as an advisory body to the CEO, fulfilling the need for stakeholder engagement and for developing and promoting school improvement activity
- Formal communication is achieved by sharing Council meeting records with the CEO within seven days of each meeting taking place
- The Council is not separately accountable for its actions, other than through the roles held by each member, i.e. LGB governors are held to account for Council participation by the LGB and headteachers are held to account for their contribution and participation by the CEO
- The Council is not delegated authority to act outside of the authority of the CEO
- The CEO is accountable for decisions and actions taken as a direct result of the advice received from the Councils.

### Example activities

- Cluster wide school improvement initiatives, such as introducing a new scheme of work for developing writing or a multi-disciplinary approach to arts development
- Planning and running events to share curriculum information with parents

## Appendix 1

### InMAT Scheme of Delegation

- Consultation events where a new initiative is being explored by the Trust, so that the feedback can be used to help inform decision making.

## Appendix 1

# InMAT Scheme of Delegation

## Appendix 2

### Local Governing Bodies: a lighter model

With significant responsibilities undertaken by the InMAT Board, and to a lesser extent, by the Cluster Councils; it follows that LGBs have a somewhat lighter burden than they had under LA control. For many, this will be welcome.

Each LGB will, as now, be responsible to the InMAT Board for the education delivered to the children in their care and LGB members will need to scrutinise teaching and learning and be aware of the key data and progress indications.

Safeguarding will remain a critically important responsibility and LGBs will be expected to have designated governors with responsibility for safeguarding and wellbeing of children and staff.

Finance will remain an important issue. Whilst reporting and monitoring will settle into new routines to be agreed between the CFO and the academy business managers which will relieve Governors of some of their work, the academy teams will still have to prepare their budgets and review their priorities. This will involve some of the LGB members who will act as a sounding board.

It follows that the LGB skill set will need to be somewhat less wide ranging than it is now. Standards, safeguarding and finance are the distilled functions.

There will be some LGBs which might choose a smaller structure as follows:

- Chairman and two other Governors appointed by the Board of Directors from the existing membership.
- The Headteacher
- Two governors who should be elected parents.

The rationale for this smaller structure is based upon two observations. Historically, some governing bodies have found it difficult to recruit and maintain a quorum. The role, when it is explained, is daunting which, again, impacts upon recruitment. Beyond these historic issues is the matter of substance. By sharing the governance roles with new partners in the shape of the Cluster and InMAT Boards, there is a reduction in workload which allows for smaller, more tightly focussed local structures.

Meetings of LGBs could be transformed. With three items on the agenda, things will be simpler. Education planning and delivery would be the principal focus with regular updates on finance and safeguarding. When a safeguarding issue is escalated, the safeguarding group can

## **InMAT Scheme of Delegation**

meet until the issue is resolved. When finance needs attention at budget preparation and year end, the finance group can come together for the duration of those activities.

### **How to initiate a change in the LGB structure**

If an LGB wishes to opt for this lighter structure, the Chairman should make their intention known to the Chief Executive who will then work on the detail with the LGB and reach agreement as to membership.

At the conclusion of these discussions, the proposal will be put to the Board of Directors who will not unreasonably withhold their approval.

**InMAT SCHOOL'S MONTHLY MONITORING REPORT FOR FINANCIAL YEAR 2017/18**
**SCHOOL NAME:**
**MONTH:**
**FINANCE:**

	<b>DATE</b>	<b>COMMENTARY AND SIGNATURE</b>
<b>MONTHLY FINANCE PROCESSES</b>		
Bacs Run / Cheque Run Completed		
Cheque Number Corresponding with Cheque run		
Orders / Delivery notes/ Invoices / statements Checked and signed		
Credit / Debit Cards Checked and signed		
Remittance receipts entered, checked against paying in book and paid into bank		
Invoiced income receipts entered, checked against paying in book and paid into bank		
School trip / Music costings authorised		
School Fund reconciled		
Update inventory records		
<b>MONTH END RECONCILIATION PROCESSES</b>		
Bank Account Reconciliation Completed		
EFA Income entered and reconciled		
Payroll Costs entered reconciled		
Payroll nominal code checked		
Debtors / Creditors nominal codes checked		
VAT Control run and reconciled		
Cash Flow Report		
Carry Forward Report Completed		

**OTHER FINANCIAL INFORMATION**

**Please outline any other information relevant to the ongoing financial situation of the school.  
Include information such as one-off costs, expected increase to costs**

**RESPONSE TO INFORMATION ON BUDGET VARIATIONS**

**InMAT SCHOOL'S MONTHLY MONITORING REPORT FOR FINANCIAL YEAR 2017/18**
**MONTH**
**HR/PAYROLL**

	<b>CHECKED</b>	<b>COMMENTARY</b>
Ensure all relevant HR documentation is authorised <i>before</i> submitting data to Payroll Provider		
Appointments / Leavers forms are checked and authorised		
Contract Variations are checked and authorised		
All overtime forms are checked and authorised		
Letting forms are checked and authorised		
All Sick/Absence to be processed timely on the payroll portal		
Check interim Payroll reports to ensure all data has been processed correct		
Inform Payroll Provider of any errors – keep evidence		
Check Final Payroll report – signed		
Update Sims – with staff changes		
Update Single Central Register – HT to sign		

**We confirm that the information supplied is complete and correct to the best of our knowledge.**

**School Business Manager – signature .....**

**Head Teacher – signature .....**

**LGB / Finance Committee Chair – signature.....**

**DATE: - .....**

## INMAT End of Year Checklist

Activity	Date	Complete
Suggest a deadline to staff for ordering	End of June	
Ensure all invoices received paid	July/Aug	
Ensure all income is banked-invoiced (Sales Receipts) and non-invoiced (Nominal receipts)	July/Aug	
Review outstanding transactions (outstanding/duplicates/out of date): <ul style="list-style-type: none"> <li>• Clear Purchase Orders –</li> <li>• Invoices outstanding</li> <li>• Outstanding debts – any action to be taken? (see Financial procedures)</li> </ul>	Early July	
Ensure that all petty cash receipts have been entered on Sage <ul style="list-style-type: none"> <li>• Check balance to tin matches and signed for</li> </ul>	21 <sup>st</sup> July	
Identify any orders where the goods are unlikely to have been received or services rendered before 31 <sup>st</sup> August (Accruals) – <b>Ensure these are entered on a spreadsheet ready for Auditors</b>	By 14 <sup>th</sup> July and again at 31 <sup>st</sup> August	
Ensure all the documents on Sage in <b>REGISTER</b> are authorised or cancelled	21 <sup>st</sup> July & 31 <sup>st</sup> August	
Ensure your salaries for August have been entered - except your August NI /PAYE payment this must show as money owed at the end of the year because the payment will not have been collected as at 31 <sup>st</sup> August.	31 <sup>st</sup> August (or as soon as possible early in September)	
Ensure any journals entered on your financial system have been authorised by the Headteacher/appropriate person	31 <sup>st</sup> August	
Identify any income that is due but is unlikely to be received before 31 <sup>st</sup> August – some may be estimates please remember you need evidence on what the figures are based on <b>Ensure these are entered on a spreadsheet for the Auditors</b>	Before 14 <sup>th</sup> July & at 31 <sup>st</sup> August	
Ensure that all prepayments- expenses (whether entered or not) are recorded on a spreadsheet- if you can identify ones recorded in Sage that would be helpful	Before 14 <sup>th</sup> July & at 31 <sup>st</sup> August	
Ensure all prepayments – Income are recorded on a spreadsheet – particularly UIFSM	Before 14 <sup>th</sup> July & at 31 <sup>st</sup> August	
Ensure all Assets are identified on a spreadsheet	Before 14 <sup>th</sup> July & at 31 <sup>st</sup> August	
Review Funds spending – restricted and unrestricted	July / August	
Start identifying the estimated carry forward balance <ul style="list-style-type: none"> <li>• Look at your income and expenditure in year balance (Management Accounts)</li> <li>• Look at your retained earnings balance</li> <li>• Review all income / expenditure to come in/go out before August</li> </ul>	July	
Resolve any miscoding's where possible	July/Aug	
Complete your normal monthly procedures for August	As soon after 1 <sup>st</sup> Sep as possible	
Do not enter any additional transactions into the old financial year after 31 <sup>st</sup> August – the only exception to this is the August salaries 7 correction journals (must be approved)	1 <sup>st</sup> September	
Make sure all Bank Reconciliations have been carried out	Sept	
Add additional invoices received after this date to your accruals spreadsheet but enter them in the new year	From 1 <sup>st</sup> September onwards	
Review your carry forward figure against the SBS figure used	1 <sup>st</sup> September	

## INMAT End of Year Checklist

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Unit 2 Swan Court, Lamport, Northants, NN6 9ER  
Telephone: 01536 434600  
Email: dawn.chapman@inmat.org.uk

## **BANK ACCOUNT RECONCILIATION FORM**

**Name of School:**

\_\_\_\_\_

**DFE Number/URN:**

\_\_\_\_\_

**Date of Bank Statement:**

\_\_\_\_\_

1. Balance on Bank Statement                      £ \_\_\_\_\_
  
2. Statement Number    \_\_\_\_\_
  
3. Closing Statement Balance on SAGE    £ \_\_\_\_\_

**Reasons for bank statement NOT balancing:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SBM Sign:

Head Teacher Sign:

\_\_\_\_\_  
\_\_\_\_\_

Date:

\_\_\_\_\_



## BANK ACCOUNT DEBIT CARD FORM

**Name of Academy:** \_\_\_\_\_

**DFE Number/URN:** \_\_\_\_\_

Balance on Debit Card Statement: £ \_\_\_\_\_

Debit Card Statement Date: \_\_\_\_\_

Receipts missing reason: \_\_\_\_\_

Signed (Head Teacher): \_\_\_\_\_

Signed (SBM): \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix 6

### Schedule of requirements (the ‘musts’)

*Schedule taken from the Academies Financial Handbook 2017.*

*For the purposes of this schedule, a trustee is a Director. For the purposes of this schedule, “this handbook” means the “Academies Financial Handbook 2017”.*

This annex, which is not a substitute for the full Academies Financial Handbook, brings the requirements discussed throughout the handbook together in one list: the ‘musts’. Academy trusts also need to have regard to the definition of ‘should’.

<b>GOVERNANCE AND FINANCIAL OVERSIGHT</b>		
<b>Must have the skills, knowledge and experience to run the academy trust.</b>		
<b>‘Must’</b>	<b>InMAT</b>	<b>School</b>
Must fully understand <b>duties as company directors and charity trustees</b> , must be aware of Charity Commission guidance <u>CC3: The Essential Trustee: What you Need to know, what you need to do</u> and must not have <b>de facto trustees</b> ( <u>page 7, 1.5.14, 1.5.15 and 3.1.12</u> )		
Must adhere to the <b>seven principles of public life</b> ( <u>1.1.2</u> ).		
Must arrange for annual <b>letters to trusts’ accounting officers</b> from ESFA’s accounting officer and the accountability framework to be discussed by the board of trustees and action taken where appropriate to strengthen the trust’s systems ( <u>1.5.5</u> ).		
Must appoint a senior executive leader ( <b>principal or chief executive</b> ), in writing, who may act as an ex-officio trustee. The role must not rotate. ( <u>2.1.2</u> )		
Must designate, in writing, a named individual as the academy trust’s accounting officer (the senior executive leader – principal or chief executive) who must: <ul style="list-style-type: none"> <li>• be a <b>fit and suitable</b> person for the role</li> <li>• take personal responsibility for <b>regularity, propriety and value for money</b></li> <li>• <b>assure the board of trustees</b> that there is compliance with the handbook, the funding agreement and all relevant aspects of company and charitable law</li> <li>• <b>advise the board of trustees</b>, in writing, of any action or policy incompatible with the terms of the academy trust’s articles, funding agreement or handbook</li> <li>• <b>notify ESFA’s accounting officer</b>, in writing, if action proposed by the board of trustees is in <b>breach</b> of the trust’s articles, funding agreement or this handbook</li> </ul>		

<ul style="list-style-type: none"> <li>• <b>adhere to the ‘seven principles of public life’</b> (<a href="#">1.5.21</a> to <a href="#">1.5.25</a>, <a href="#">2.1.8</a>, <a href="#">4.2.2</a> and <a href="#">4.2.3</a>)</li> </ul>		
Must ensure the board of trustees <b>meets at least three times a year</b> , and conducts business only when quorate ( <a href="#">2.1.3</a> )		
Must have a <b>chief financial officer</b> , who is the finance director, business manager or equivalent, to lead the finance department ( <a href="#">2.1.10</a> )		
Must have appropriately qualified and/experienced <b>finance staff</b> ( <a href="#">2.1.11</a> )		
Must approve a written <b>scheme of delegation</b> of financial powers that maintains robust internal control arrangements ( <a href="#">2.1.4</a> )		
<p>Must take full control of the academy trust’s financial affairs, apply the letter and the spirit of this handbook, and ensure <b>appropriate oversight</b> of financial transactions by:</p> <ul style="list-style-type: none"> <li>• having all the trust’s <b>property</b> and assets under the control of trustees, and measures in place to prevent losses or misuse</li> <li>• having bank accounts, financial systems and financial records operated by <b>more than one person</b></li> <li>• keeping and maintaining full and accurate <b>accounting records</b></li> <li>• preparing <b>accruals accounts</b>, giving a true and fair view of the trust’s use of resources, in accordance with existing accounting standards (<a href="#">1.4.1</a>, <a href="#">1.4.3</a> and <a href="#">2.1.8</a>)</li> </ul>		At academy level
Must comply with all terms of any <b>Financial Notice to Improve</b> ( <a href="#">1.5.7</a> ).		
Must <b>waive the right to delegated authorities</b> and seek EFSA prior approval on those transactions set out in this handbook if the academy trust is subject to a Financial Notice to Improve ( <a href="#">1.5.9</a> )		
Must ensure <b>value for money, regularity and propriety</b> in relation to the management of its funds, using its discretion reasonably to command broad public support ( <a href="#">1.5.13</a> and <a href="#">1.5.22</a> )		
Must provide details of the academy trust’s <b>governance arrangements</b> in the governance statement published with its audited accounts ( <a href="#">1.5.17</a> )		
Must provide details of the board of trustee’s review of their <b>governance structure and composition of the board</b> , in the academy trust’s governance statement when producing audited accounts for the <b>first time</b> ( <a href="#">1.5.17</a> )		
Must publish up-to-date details of their <b>governance arrangements</b> in a <b>readily accessible form</b> on their websites in line with this handbook ( <a href="#">2.5.2</a> )		
Must ensure there are measures in place to <b>manage conflicts of interest</b> ( <a href="#">3.1.12</a> )		

Must ensure the chair of the board of trustees and the accounting officer manage their relationships with connected parties to <b>avoid both real and perceived conflicts of interest</b> ( <a href="#">3.1.13</a> )		
Must recognise that <b>certain transactions</b> with connected parties may attract <b>greater public scrutiny</b> and require sufficient disclosure in annual accounts to support the high standards of <b>accountability and transparency</b> of the public sector, including: <ul style="list-style-type: none"> <li>• transactions with individuals in a position of <b>control and influence</b>, including the chair of the board of trustees and accounting officer.</li> <li>• Payments to commercial organisations which have a <b>profit motive</b>, as opposed to those in the voluntary sector</li> <li>• Relationships with <b>external auditors</b> that go beyond their duty to deliver a statutory audit (<a href="#">3.1.14</a>)</li> </ul>		
Must capture, in the academy trust's <b>registers of interests</b> , and as set out in this handbook: <ul style="list-style-type: none"> <li>• Relevant business and pecuniary interests of <b>members, trustees, local governors</b> of academies within a multi academy trust, and <b>senior employees</b> (<a href="#">3.1.17</a>)</li> <li>• Interests of other individuals as set out in <a href="#">3.1.18</a></li> </ul>		
Must <b>publish</b> , on the academy trust's website, the <b>relevant business and pecuniary interests</b> of members, trustees, local governors and accounting officers ( <a href="#">3.1.20</a> )		
Must ensure that the use of <b>confidentiality clauses</b> does not prevent an individual's right to make <b>disclosures in the public interest</b> ( <a href="#">3.1.24</a> )		
Must complete, and return to ESFA, a <b>financial management and governance self-assessment</b> for new academy trusts, or constituent academies joining a multi-academy trust ( <a href="#">4.3.1</a> )		
Must notify ESFA of any instances of <b>fraud or theft</b> where the value exceeds £5,000, individually or cumulatively, or any value where the fraud is unusual or systematic ( <a href="#">4.8.2</a> )		
Must notify DfE via Edubase within 14 days of the <b>appointment or vacating</b> of the position of member, trustee, local governor, chair of trustees, chairs of local governing bodies, accounting officer and chief financial officer, and ensure that its record on Edubase for all individuals holding these positions remains up to date ( <a href="#">4.7.4</a> )		
<b>FINANCIAL PLANNING, MONITORING AND REPORTING</b>		
<b>Must prepare and monitor financial plans to ensure ongoing financial health.</b>		

Must have the full board of trustees approve a <b>balanced budget</b> for the financial year and must minute their approval ( <a href="#">2.2.2</a> )		
Must submit <b>budget forecast</b> information to ESFA ( <a href="#">2.2.3</a> )		
Must ensure the board of trustees and any separate finance committee are responsible for: <ul style="list-style-type: none"> <li>ensuring good <b>financial management</b> and effective internal controls</li> <li><b>compliance</b> with the funding agreement and this handbook</li> <li>ensuring sufficient rigour and scrutiny in the budget management process to <b>understand and address variances</b> between the budget forecast and actual income and expenditure</li> <li>receiving and considering information on the <b>financial performance</b> of the trust at least three times a year, taking action to ensure ongoing viability (<a href="#">2.2.4</a>)</li> </ul>		
Must notify ESFA if the board of trustees formally proposes to set a <b>deficit revenue budget</b> for the current financial year which it is unable to address, after unspent funds from previous years are taken into account ( <a href="#">2.2.5</a> )		
Must have a cautious approach to investments in line with the principles set out in this handbook ( <a href="#">2.2.9</a> )		
Must charge for <b>boarding provision</b> in line with this handbook ( <a href="#">2.2.12</a> )		
Must refer any <b>novel, contentious and/or repercussive transaction</b> to ESFA for explicit prior authorisation ( <a href="#">3.3.1</a> , <a href="#">2.2.10</a> , <a href="#">3.1.15</a> and <a href="#">3.8.3</a> )		Via INMAT
Must obtain ESFA's prior approval before <b>borrowing</b> , including finance leases and overdraft facilities, of any duration ( <a href="#">3.4.1</a> , <a href="#">2.2.7</a> and <a href="#">3.9.3</a> )		Via InMAT
Must obtain ESFA's prior approval for <b>writing off debts and losses</b> , and entering into <b>guarantees, letters of comfort and indemnities</b> beyond limits specified in this handbook ( <a href="#">3.6.1</a> to <a href="#">3.6.4</a> )		Via InMAT
Must, in respect of <b>staff severance payments</b> , consider the following before making a binding commitment: <ul style="list-style-type: none"> <li>whether the proposed payment to be in the interests of the trust;</li> <li>whether a payment is <b>justified and value for money</b>, based on a legal assessment of the case; and</li> <li>review the <b>level of settlement</b>, which must be less than the legal assessment of what the relevant body (eg an employment tribunal) is likely to award in the circumstances (<a href="#">3.7.4</a>)</li> </ul>		
Must obtain ESFA's prior approval for the <b>non-contractual/non-statutory element</b> of a <b>staff severance payment</b> of <b>£50,000</b> or more (gross, before deductions) before making a binding settlement offer ( <a href="#">3.7.6</a> )		Via InMAT

Must not accept a settlement for a staff severance payment unless it satisfies the conditions in this handbook ( <a href="#">3.7.7</a> )		Via InMAT
Must consider, when making a <b>compensation payment</b> , whether the proposed payments based on a careful appraisal of the facts, including legal advice, and that value for money will be achieved ( <a href="#">3.7.9</a> )		Via InMAT
Must obtain ESFA's prior approval for a <b>non-contractual/non-statutory compensation payment of £50,000</b> or more ( <a href="#">3.7.10</a> )		Via InMAT
Must obtain ESFA's prior approval for <b>ex gratia payments</b> of any value ( <a href="#">3.7.15</a> )		Via InMAT
Must obtain ESFA's prior approval, before entering into the <b>acquisition and disposal of fixed assets</b> beyond limits specified by this handbook ( <a href="#">3.8.1</a> )		Via InMAT
Must ensure a <b>lease arrangement</b> , or <b>disposal</b> , achieves the <b>best price</b> that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money ( <a href="#">3.8.2</a> and <a href="#">3.9.4</a> )		
Must obtain ESFA's prior approval before entering into <b>lease arrangements</b> beyond limits specified in this handbook ( <a href="#">3.9.3</a> )		Via InMAT
<b>INTERNAL CONTROL AND INTERNAL SCRUTINY</b>		
<b>Must have in place sound internal control and risk management and assurance processes.</b>		
Must establish a <b>control framework</b> that recognizes <b>public expectations</b> about governance, standards and openness ( <a href="#">2.3.2</a> )		
Must include, in the trust's <b>internal control framework</b> : <ul style="list-style-type: none"> <li>• co-ordinating the <b>planning and budgeting processes</b>;</li> <li>• applying discipline in financial management, including managing <b>banking, debt and cash flow</b>, with appropriate segregation of duties;</li> <li>• preparation of monthly <b>budget monitoring</b> reports;</li> <li>• ensuring that <b>delegated financial authorities</b> are respected;</li> <li>• selection, <b>planning and oversight</b> of any <b>capital projects</b>;</li> <li>• the <b>propriety and regularity</b> of financial transactions;</li> <li>• the management and oversight of <b>assets</b>;</li> <li>• ensuring <b>efficiency and value for money</b> in the organisation's activities;</li> <li>• a process for <b>independent checking</b> of financial controls, systems, transactions and risks (<a href="#">2.3.3</a>)</li> </ul>		
Must ensure that decisions about levels of <b>executive pay</b> follow a robust evidence-based process and are reflective of the individual's role and responsibilities ( <a href="#">2.3.5</a> )		
Must have appropriate procedures in place for <b>whistleblowing</b> ( <a href="#">2.3.7</a> )		

Must recognize and manage <b>present and future risks</b> , including contingency and business continuity planning, to ensure the academy trust's <b>continued and effective operation</b> ( <u>2.3.9</u> and <u>2.3.10</u> )		
Must have adequate <b>insurance</b> cover in compliance with its legal obligations and funding agreement, or has opted into DfE's risk protection arrangement ( <u>2.3.12</u> )		
Must implement reasonable risk management audit recommendations made to the trust by risk auditors ( <u>2.3.14</u> )		
Must establish an <b>audit committee</b> , or a committee which fulfills the functions of an audit committee, dependent on the risk, complexity and annual income of the trust ( <u>2.4.2</u> )		
Must have the relevant committee provide <b>assurances to the board of trustees</b> by <b>reviewing the risks</b> to internal financial control at the academy trust and agreeing a programme of work to address those risks ( <u>2.4.4</u> )		
Must oversee the controls and risks at <b>constituent academies</b> ( <u>2.4.5</u> )		
Must ensure that <b>information submitted</b> to DfE and ESFA that affects funding is accurate and compliant ( <u>2.4.6</u> )		
Must be aware of the risk of <b>fraud, theft and irregularity</b> and address it through their internal control and assurance arrangements by putting in place proportionate controls ( <u>4.8.1</u> and <u>2.3.3</u> )		
<b>PROPER AND REGULAR USE OF FUNDS</b>		
<b>Must be able to show that public funds have been used as intended by Parliament.</b>		
<p>Must ensure the following principles are applied:</p> <ul style="list-style-type: none"> <li>• seeking ESFA's prior approval on all proposed transactions <b>beyond the trust's delegated authority</b> limits</li> <li>• spending has been for the <b>purpose intended</b> and there is <b>probity</b> in the use of public funds</li> <li>• spending decisions represent <b>value for money</b></li> <li>• <b>internal delegation levels</b> exist and are applied within the trust</li> <li>• <b>a competitive tendering policy</b> is in place and applied, and OJEU procurement thresholds are observed</li> <li>• relevant <b>professional advice</b> is obtained where appropriate, including that of an external auditor where necessary (<u>3.1.1</u> and <u>3.1.3</u>)</li> </ul>		Via InMAT
Must be even-handed in relationships with <b>connected parties</b> , and ensure goods or services provided by individuals or organisations connected to the trust are provided at <b>no more than cost</b> beyond the limits specified in this handbook ( <u>3.1.12</u> and <u>3.2.2</u> to <u>3.2.17</u> )		

Must ensure that no member, trustee, local governor, employee or related individual or organization uses their connection to the academy trust for <b>personal gain</b> ( <a href="#">3.1.12</a> )		
Must ensure there are <b>no payments to any trustee</b> unless such payment is permitted by the articles and complies with the terms of any relevant agreement with the Secretary of State ( <a href="#">3.1.12</a> )		
Must obtain the Charity Commission's prior approval for <b>paying a trustee for acting as a trustee</b> ( <a href="#">3.1.12</a> )		Via InMAT
Must ensure that senior employees' <b>payroll arrangements</b> full meet HM Treasury's tax requirements ( <a href="#">3.1.22</a> )		
Must ensure any <b>gifts given</b> by the academy trust have the reason fully documented and have regard to propriety and regularity in the use of public funds ( <a href="#">3.5.1</a> )		
Must not <b>pool PFI</b> funding across a multi-academy trust ( <a href="#">3.10.5</a> )		
Must have due regard to the funding needs of their individual academies if multi-academy trusts <b>pool GAG</b> , and to the appeals mechanism in place ( <a href="#">3.10.6</a> )		
Must ensure the academy trust is eligible for the <b>delegations and freedoms</b> set out in this handbook by virtue of its funding agreement ( <a href="#">3.11.1</a> to <a href="#">3.11.5</a> )		
<b>AUDIT REQUIREMENTS</b>		
<b>Must be able to assure Parliament and the public that public funds have been used for the purpose intended.</b>		
Must <b>produce audited accounts</b> in line with the 'Statement of Recommended Practice' (SORP) for charities ( <a href="#">1.4.2</a> , <a href="#">1.4.3</a> , <a href="#">2.2.14</a> and <a href="#">4.1.1</a> )		
Must <b>submit audited accounts</b> to ESFA by 31 December ( <a href="#">1.4.2</a> )		
Must <b>publish audited accounts</b> on the trust's website by the <b>end of January</b> following the financial year to which the accounts relate, file their accounts with Companies House and provide a copy to anyone who requests them ( <a href="#">1.4.5</a> )		
Must approve a set of <b>accounting policies</b> ( <a href="#">2.2.14</a> )		
Must <b>appoint a statutory (external) auditor</b> to certify whether the accounts are true and fair ( <a href="#">2.2.14</a> ) and <a href="#">4.1.1</a> )		

Must put the <b>external audit contract</b> in writing as a letter of engagement ( <u>4.1.2</u> )		
Must put <b>additionally purchased financial services</b> from the external auditor in a separate letter of engagement ( <u>4.1.2</u> )		
Must provide in the audit contract for the <b>removal of external auditors</b> before the expiry of the term as set out in this handbook ( <u>4.1.4</u> )		
Must notify ESFA immediately of the <b>removal or resignation of external auditors</b> , and the reasons ( <u>4.1.5</u> )		
Must prepare information, at the request of ESFA, to <b>facilitate financial consolidation</b> ( <u>4.1.7</u> )		
Must make <b>financial disclosures</b> in their audited financial statements in line with this handbook ( <u>3.1.8</u> and <u>3.1.9</u> )		
Must demonstrate how the trust has secured <b>value for money</b> via the governance statement in the annual accounts ( <u>1.5.23</u> )		
Must include a <b>statement on regularity, propriety and compliance</b> , signed by the academy trust's accounting officer, in the audited accounts ( <u>1.5.23</u> and <u>4.2.2</u> )		
Must include a <b>review of the accounting officer's statement on regularity, propriety and compliance</b> within the external auditor's remit ( <u>4.2.5</u> )		
Must address, jointly to the trust and the Secretary of State through ESFA, the <b>auditor's conclusions on regularity</b> ( <u>4.2.5</u> )		
Must cooperate with <b>NAO officials</b> and their contractors and provide such help, information and explanation as is reasonable and necessary ( <u>4.5.1</u> )		
Must provide ESFA with <b>access</b> to all books, records, information, explanations, assets and premises to assist ESFA with its audits ( <u>4.6.1</u> )		
Must <b>retain all records</b> necessary for at least six years after the end of the period to which funding relates ( <u>4.6.2</u> )		
Must provide ESFA or its agents with <b>information</b> of sufficient quality to meet the purposes for which it has been requested ( <u>4.7.1</u> )		