



**THE BLESSED EDWARD BAMBER CATHOLIC MULTI ACADEMY TRUST**

## **BEBCMAT Financial Regulations**

This is a Trust-Wide Policy which applies to all  
academies within the Trust

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# FINANCIAL REGULATIONS

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## 1. Core Diocesan Principles

There are core principles that underpin all schools within the Diocese of Lancaster.

The key areas of the distinctive nature of Catholic education are recorded in Principles, Practices and Concerns (Bishops' Conference 1996) and can be considered as underlying principles:

- The search for excellence as an integral part of the spiritual quest;
- The uniqueness of the individual made in God's image and loved by him;
- The education of the whole person based on the belief that the human and divine are inseparable;
- The education of all with the particular duty to care for the poor and disadvantaged;
- Moral principles put into practice within a Christian community.

And, the following principles recorded in 'The Common Good in Education' (Bishops' Conference 1996) also apply:

- Subsidiarity – which means decisions being taken as close to the grass roots as good government allows;
- Solidarity – which means we are all responsible for each other, with a willingness to see others as self.

The Church also promotes the principle of Community Cohesion;

- Thus, Catholic schools must continue to look outwards and work in partnership with all other schools in the wider community, to the benefit of all children in society.

## 2. Introduction

The purpose of this policy is to ensure BEBCMAT maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE) and the requirement of the Memorandum of Understanding with the Diocese of Lancaster.

The **Memorandum of Understanding (MoU)** sets out the understandings and conditions that apply to the development and functioning of the Catholic Education Trusts (referred to generally by others as Multi Academy Trusts or MATs) established by the Bishop for the Diocesan schools. The MoU makes clear that the Trust Board has full responsibility for managing the financial affairs of the Trust including all the constituent schools. No guarantees or assurances in respect of the financial affairs of the Trust will be provided by the Bishop or the Diocesan Trustee.

The Trust must comply with the principles of financial control outlined in the academies guidance published by the Education and Skills Funding Agency (ESFA), primarily the Academies Financial Handbook (AFH). This policy expands on that and provides detailed information on the Trust's accounting procedures and systems.

This policy should be read in conjunction with the following Trust policies and with individual academy operational procedure notes. Academy operational procedure notes are an important supplement to this policy and will be agreed by the Chief Financial Officer/Accounting Officer/Chief Operating Officer and each Headteacher and will be distributed to all relevant central and academy staff. Scheme of Delegation;

- Counter Fraud and Corruption Statement;
- Charging, Remissions & Lettings Policy;
- Code of Conduct - Directors/Governors;
- Code of Conduct – Employees;
- Code of Conduct – Local governing bodies;
- Reserves Policy;
- Risk Management Policy;

- Business Continuity Plan;
- Whistleblowing Policy.

### 3. Principles

The Trust will manage its affairs in accordance with the high standards detailed in the 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with Lord Nolan's 7 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.

#### 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.

## 4. Organisation and Responsibilities

### Role of Members

The Members of the Trust oversee the Board of Directors (the “Trust Board”), holding the Directors to account and ensuring that the values and ethos of the Trust are upheld and the distinctiveness of the Academies is preserved. Their functions include:

- Appointing Trustees/Directors;
- Removing Members and Trustees/Directors, under certain circumstances;
- Receiving the annual accounts;
- Overseeing the achievement of the objectives of the Trust;
- Amending the Articles of Association, subject to restrictions;
- Appoint the Trust Auditors.

### Role of Trust Board

The Trust Board has overall responsibility for the administration of the Trust’s finances. The Trust Board is responsible for managing the financial affairs to ensure regularity, propriety and value for money, and for ensuring that the Trust’s funds are used in accordance with charity law, company law and the funding agreement. The Directors are held to account by the Members and the Secretary of State, although the Trust Board delegates certain powers to the Accounting Officer/Chief Executive Officer.

### Role of Finance, Staffing & Premises Committee

Finance and Resources Committee operates in accordance with its Terms of Reference under the Scheme of Delegation.

The functions of the Finance, Staffing & Premises Committee include:

- Oversight of major financial issues concerning the Trust and its Academies, the overall Trust budget and those of the individual Academies, the management of funds against the budget, the benchmarking of financial performance, expenditure levels, budget headings and the way funds are utilised (including value for money) and the way monies are secured;
- To monitor the production, timeliness and accuracy of key financial statements in response to both statutory and local requirements;
- To support (recommending and advising) the Trust Board in developing and then implementing a reserves policy and to consider the impact of strain in individual Academy budgets;
- To support (recommending and advising) the Trust Board in developing and then implementing the Financial Regulations Manual and associated procurement policy Separate policy;
- To review tenders for major contracts as specified in the Financial Regulations Manual. To approve or reject tender proposals or, where required, make recommendations to the Trust Board;
- To recommend any changes in the Financial Policy, where significant, to the Trust Board. To review the operations of the Trust and the Academies in relation to the procedures shown in the Finance Policy;
- To monitor key financial and accounting systems and reviewing any audits of these or the general finances of the Trust and make recommendations to the Trust Board and/or the Local governing bodies as appropriate.

## Role of Audit & Risk Committee

The Audit Committee operates in accordance with its Terms of Reference under the Scheme of Delegation.

The functions of the Audit Committee include

- Advise and report to the Directors in relation to any organisational risks which might impede the development and implementation of a long-term strategy for the success of the Trust;
- Support the Directors in the formulation of financial and risk management policies for the Trust and the Academies for achieving the aims and objectives set out in the Trust's Development Plan or long-term strategic vision;
- Advise the Directors on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money);
- Review any financial and risk report submitted by the Academies and advising the Directors on any issues arising from it as well as making recommendations for future reports to sustain the integrity of the financial and risk management systems;
- Advise the Directors on the appointment, reappointment, dismissal and remuneration of auditors (both external auditors and internal audit);
- Agree the work programme of internal audit including the checking of financial controls, systems, transactions and risks;
- Consider the reports of the auditors and, when appropriate, advise the Directors and the Academies of material control issues and monitor the implementation of agreed audit recommendations;
- Advise on policies for the securing of the funds and assets of the Trust including by the prevention of loss through fraud and irregularity;
- Ensure that all allegations of fraud and irregularity are appropriately investigated and control weaknesses addressed, working with the Directors and the Headteachers of the Academies, as appropriate;
- Recommend the annual financial statements to the Directors for approval.

## Role of Accounting Officer

The Trust's Chief Executive (CEO) holds the position of Accounting Officer. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring the Trust Board that there is compliance with the Academies Handbook, the Funding Agreement and all relevant aspects of company and charitable law. The role of Accounting Officer includes a personal responsibility to Parliament, and to the ESFA's Accounting Officer, for the financial resources under the Trust's control

The Accounting Officer must:

- Assure the Trust Board that there is compliance with the Academies Financial Handbook, the Funding Agreement and all relevant aspects of company and charitable law;
- Ensure that bank accounts, financial systems and financial records are operated effectively with segregated and separation of duties;
- Ensure that all the Trust's property is under the control of the Directors, and that measures are in place to prevent losses or misuse, including maintenance of adequate fixed asset registers;
- Keep full and accurate accounting records.

## Role of Chief Financial Officer (CFO)

The Academies Financial Handbook states that all academies are required to appoint a “chief financial officer”. This function may be undertaken by any Chief Operating Officer or by a dedicated Chief Financial Officer, who will report to the COO. Where there is no COO, the CFO will report directly to the CEO. The COO/CFO plays both a management and leadership role in the Trust.

The main CFO responsibilities are:

- the establishment and operation of a suitable accounting system;
- the management of the Trust’s financial position at a strategic and operational level within the framework for financial control determined by the Trust Board;
- meeting all external reporting deadlines;
- implementation and operation of rigorous and robust audits and control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying records of the Trust;

The CFO does not discharge all of their responsibilities personally and is supported by a Central Finance team to whom specific functions may be delegated.

## Role of Central Finance team

The Central Finance team functions include:

- Prepare management accounts on a monthly basis and complete the following reconciliations;
- Bank reconciliations;
- Payroll and employer/employee deductions accounts;
- Sales control account;
- Purchases control account;
- Childcare voucher account;
- VAT accounting and returns;
- Preparation of annual financial statements;
- Generation of Bacs payment runs for creditor payments;
- Maintenance of the Financial system including chart of accounts and fixed asset accounting.
- Journal transactions relating to cash and virements;
- Monthly review of creditors and debtors accounts;
- Treasury Management.

The Central Finance team will lead on all non-academy specific finance matters including central Trust functions, teaching school, trading companies etc.

## Role of Headteachers

The Headteachers at each Academy have the following financial responsibilities:

- Ensuring expenditure is controlled within approved budgets;
- Ensuring staffing structures are both affordable and within the authorised established Scheme of Delegation;
- Enforcing the application of policies and procedures within each Academy;

- Ensuring the Chief Financial Officer (CFO) is provided with any financial information requested in a timely manner and is also notified immediately of any situation likely to significantly impact on the financial position of the academy;
- Authorising contracts, orders and virements up to the amounts delegated in these procedures;
- In conjunction with Central Finance Support staff ensuring that all transactions are correctly authorised and approved and that a full audit trail exists that complies with these regulations;
- Ensuring timely returns to the Central Finance Team are accurate and within deadlines.

## Role of Local governing bodies (LGCs)

The Trust's Scheme of Delegation will provide each Local governing body with their delegated authorities.

## Role of Internal Assurance

The Trust has determined that this function will be undertaken by the appointment of an internal assurance provider. A programme of checks for Internal Assurance will be agreed and approved by the Audit & Risk Committee. The programme will be based on an assessment of risk across the Trust and will address all key financial transactions and systems.

The CFO may also direct the Trust's Central Finance team and auditors to undertake unannounced spot checks on a periodic basis at the Trust's academies to provide additional assurance that these procedures are being complied with.

## Role of Academy Support Staff

Support staff at each Academy will work in close collaboration with the Central Finance team. Their main responsibilities will include:

- Cash collection and banking;
- Order and invoice and debtor account administration;
- Providing all financial information required by the Central Finance team to complete a monthly bank account reconciliation and produce management accounts;
- Management and monitoring of the individual academy payment cards;
- The maintenance of inventories in line with limits set out in these financial procedures;
- Payroll processing/checking;
- Notification to the Central Finance team of any staffing changes/leavers/starters/ amendments.

Detailed **Operating Procedures** are in place in each Trust for each Academy for all the above procedures. Procedures will not be amended without the approval of the CFO.

## Role of Budget Holders

Headteachers may delegate non-staffing budgets as appropriate. Delegated budget holders are responsible for monitoring and managing their budget effectively.

Any potential overspends against the budget must be approved in advance with the CFO/COO/CEO.

## All staff

All staff are responsible for the security of the Trust's property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources.

## Register of Interests and Related Parties

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 members, directors, leadership team and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. Close family relationships within the Trust are also declared as per the Academies Financial Handbook requirements. The register is open to public inspection and published on the website.

It is the role of the Clerk to the Board of Directors to ensure the Register of Business Interests is up to date and that all meeting agendas have a declaration of interests item at the start of every meeting. Registers will be open to public inspection and published on the Trust's website.

An up to date copy of the register will be held by the Trust's Central Finance team and published online as required by the Academies Financial Handbook.

The existence of a register of business interests does not, of course, detract from the duties of Directors and staff to declare interests whenever they are relevant to matters being discussed at committee and is a standard item on every agenda. Where an interest has been declared, Directors and staff should not attend that part of any committee or other meeting.

Related Party transactions will only be entered within the restrictions of the Academies Financial Handbook and the not for profit requirements.

All related party transactions must be approved in advance of entering any contract or commitment by the CFO and then by the Trust Board. The CFO will verify the arrangement meets the restrictions and will notify/seek approval from the ESFA as required.

The ESFA must be notified in advance of all transactions with related parties and the Trust must obtain ESFA's prior approval for contracts for the supply of goods or services to the Trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:

- a contract exceeding £20,000;
- a contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year ending 31 August;
- a contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year.

## Gifts, Hospitality & Inappropriate Expenditure

Codes of Conduct for both staff and Directors and Governors (appended to the Scheme of Delegation) define the procedures to be followed whenever offers of gifts and hospitality are received. All offers over the value of £xx will be recorded in a Register of Gifts and hospitality maintained by the Central Finance team and acceptance must be approved by the CEO. These registers will be monitored by the CFO.

Please see the Trust's Gifts and Hospitality Policy for further information.

## 5. Financial Planning and Medium Term Financial Plan (MTFP)

The Central Finance team will prepare both an annual budget and medium-term financial plan for the Trust overall and will work with individual Academies in preparing their own annual budgets. These plans are prepared to inform the Trust's strategic development planning processes for the next 3 years. The Trust's Strategic Plan identifies the development plan priorities over the medium term and the expected level of resources available to meet these and any other cost pressures

Annual budgets should reflect the priorities in each Academy's School Improvement Plan (SIP). SIPs should include cost estimates, both capital and revenue, associated with the achievement of each objective, including success criteria against which achievement can be measured. The Central Finance Team must be fully involved in the development of such plans.

## 6. Developing and Approving the Annual Budget

The Trust Board must approve a balanced budget for the forthcoming financial year and must minute this approval.

The budget process follows an annual planning cycle. A timetable for budget setting will be established by the CFO in advance of each year's process and will ensure that the budget information is ready for submission to the ESFA by the required deadlines.

The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will detail how those resources will be utilised establishing clear links to support objectives identified in the School Improvement Plans for each Academy.

If there is any doubt that a balanced budget can be maintained/set, the CFO/COO/CEO/Board must discuss immediately and make appropriate plans to take action to ensure this can be achieved. Consideration of the action plan to be given by the Trust Board for discussion and eventual ratification.

## 7. Financial Management - Monitoring & Reporting

The CFO will ensure that monthly management accounts are promptly prepared setting out the Trust's financial performance and position, comprising budget variance reports and cash flow forecasts with sufficient information to manage cash, debtors and creditors. These reports will be prepared at an individual academy and at a consolidated Trust level.

Management accounts will be shared each month with the Trust Chair and the CEO and with the other Directors at least six times a year. The Trust Board must consider these when it meets. The Trust Board **must** ensure appropriate action is being taken to maintain financial viability including addressing variances between the budget and actual income and expenditure.

Management accounts for each academy will be shared with Headteachers regularly and individual budget-holder reporting is shared as appropriate.

The CFO will ensure budget monitoring reports are prepared monthly together with a year-end outturn projection on at least a termly basis. These reports will contain key performance indicator reporting.

## 8. Financial Accounting System

The Trust uses the SAGE Accounting System and all financial transactions must be recorded using this system. Access rights are defined by the CFO for each user with a unique ID and password. Authorisation and supervisory controls, alongside segregation of duties of the Central Finance team will be adequate to ensure transactions are properly recorded and authorised and that errors are identified and rectified without delay.

It is the responsibility of the Central Finance team to maintain the integrity of the system parameters, master-files and chart of accounts.

## 9. HR Establishment Controls and Payroll

### Staff Appointments and Contractual Changes

Any changes to the staffing structure of the Trust may only be approved in line with the Trust's **Scheme of Delegation**.

Working together with the HR Officer and Payroll provider, the Central Finance team staff are responsible for ensuring that the staff database on the budget planning software reconciles to the current budget.

### Payroll Administration

The Trust's payroll processing is administered through a contractual arrangement with an external payroll provider.

Academy **Operating Procedures** detail the controls in place to ensure that the payroll is correctly processed each month and ensure that;

- only valid and authorised amendments are submitted and processed;
- Starters and leavers are correctly processed;
- Checks are completed to verify the overall payroll before payments are made;
- Separation of duties exists at all stages;
- Evidence of all checks completed is retained.

The payroll system automatically calculates the deductions due from salaries to comply with current legislation. The payroll provider is authorised to make BACS payments from the Trust's Bank Account by direct payment for the amounts due in statutory and voluntary deductions.

## Payments to individuals and IR35

The Trust will operate the following rules when engaging any "off payroll" staff.

Senior employees will always be paid through the payroll in order for the Trust to ensure that tax obligations are fully met and not open to question.

All workers, including consultants and those operating through personal service companies, and self-employed basis who are not on the Trust's payroll must be passed to the central team to determine the correct treatment.

The central team will review each case and complete the government's Employment Status Indicator tool (ESI).

The results of the test will be printed off, reviewed and signed by the CFO, who will ensure that the correct employment status is implemented.

Any anomalies must be discussed with the Central Finance Team prior to engaging that individual's services.

## Special staff severance payments

Non-contractual payments at the end of employment would only be paid if the Trust has concluded that the payment represented the best value for money compared to other options. The business case for such payments would be fully documented and the guidance issued by the ESFA will be followed.

The Accounting Officer/CEO in conjunction with the Trust Chair shall be informed of any proposal to make a non-contractual payment up to £50,000 and may stipulate that their consent is obtained before any payment is made; the calculation of payments will be verified by the CFO to ensure compliance with the AFH.

Non-contractual payments over £50,000 require approval in advance from HM Treasury via the ESFA and no request for approval must be sent without the express approval of the CEO and Trust Chair.

## Mileage Payments to Staff

Mileage will be approved and paid in accordance with the **Trust's Travel and Expenses Policy**.

## Mobile Phones

Where a mobile phone is essential in carrying out a job role the Trust may enter into an appropriate mobile phone contract and lend the phone to the member of staff for usage. New phone contracts must be approved by the CFO.

Statements/invoices will be reviewed to ensure that any additional calls in excess of the monthly contracts are valid in line with **Operating Procedures**.

## 10. Competitive Purchasing Requirements and Limits

The Trust will aim to achieve best value for money for all its purchases ensuring that services are delivered in the

most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable.

(The value of purchases is calculated as the value, excluding VAT, for the full duration of the contract including any extensions or options).

### Orders up to and including £10,000

In purchasing all goods and services, budget holders should ensure that they review the use of existing resources and consider the cost, quality, reliability and availability. Fixed prices should be obtained for all purchases before orders are placed. Value for money should be demonstrated. Individual Headteachers may approve an order up to this limit, with CFO as second approver.

### Orders over £10,000 but less than £30,000

Three written quotations should be obtained for all orders between £10,000 and £30,000 to identify the best source of the goods/services and frameworks considered wherever possible. Written details of quotations obtained should be attached to the order placed and available for audit purposes. Telephone quotes are acceptable if these are documented and evidenced and confirmation of quotes has been received before a purchase decision is made. Individual Headteachers may approve an order between the specified amount, with CFO and CEO as additional signatories.

### Orders £30,000 and over but less than £75,000

#### **The CFO must be consulted before the procurement process begins.**

A specification of requirements and evaluation criteria will be drawn up in advance. All potential contractors invited to submit quotations shall be provided in all instances with identical information and instructions. Three quotes will be evaluated by more than one individual and approved by the CFO/CEO and FSP Committee.

### Orders £75,000 and over but less than EU Thresholds

All goods/services ordered with a value over £75,000, or for a series of contracts which in total exceed £75,000 must be subject to formal tendering procedures, detailed below, and will be managed by the CFO. Approval must be obtained from the CEO and the Finance, Staffing & Premises Committee/Board prior to proceeding with the successful tenderer.

### EU Procurement Thresholds 1st Jan 2018-31st Dec 2019

#### **Supplies and Services £181,302 Lighter Touch Services 4,551,413 Works £615,278**

Procurement above EU Thresholds must be carried out in accordance with the appropriate EU Procurement Directives, which the UK enforces through the Public Contract Regulations 2015.

In the first instance the **National Deals** signposted by the ESFA and existing EU compliant framework agreements established by public sector buying organisations, including the Church Marketplace when appropriate, will be explored and will be used where appropriate. When a framework is not a suitable option legal advice on the procedure is likely to be necessary.

For purchases above the threshold a procurement plan identifying the key tasks, responsibilities and authorisation routes must be approved by the Board of Trustees before the procurement commences and progress will be monitored and reported to Trustees throughout the process. Where this is a procurement that is not from an existing framework this process is likely to draw on external procurement, technical and legal advice.

#### **References**

<https://www.gov.uk/guidance/transposing-eu-procurement-directives>

<http://www.legislation.gov.uk/uksi/2015/102/contents/made>

## 11. Tendering Procedures (below EU Thresholds)

Tenders within a PSBO framework will follow the framework guidance.

Staff will refer to and follow the additional DfE guidance <https://www.gov.uk/guidance/buying-for-schools>.

There are two main forms of tender procedure: open and restricted and the circumstances in which each procedure should be used are described below. The Trust must seek tenders on the most appropriate basis.

**Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Director of Corporate Services how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical.

**Restricted Tender:** The Trust will normally invite at least four bidders. 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.

### Preparation for Tender

Full consideration should be given to: objective of project; overall requirements; technical skills required; after sales service requirements; form of contract terms and conditions.

The award criteria which are to be applied in evaluating tenders must be recorded in writing before the tenders are invited and must be stated in the documents sent to suppliers. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

### Invitation to Tender

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

An invitation to tender will normally be issued to at least four suppliers, and may include the following:

- scope and objectives of the project;
- technical requirements;
- selection criteria;
- implementation of the project;
- terms and conditions of tender and form of response;
- Technical/Suitability and qualifications of the contractor;
- Relevant experience of the contractor;
- Certificates of quality/conformity with standards;
- Quality control procedures;
- Details of previous sales and references from past customers.

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 commission a credit report.

### 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, unless the

CFO and Trust Chair are satisfied that the tender was posted or dispatched on time but that delivery was prevented by an event beyond the control of the tenderer and that other tenders have not been opened.

## Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Tenders should be opened in the presence of the CFO (or other designated officer).

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

## Tendering Evaluation Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Full records should be kept of all criteria used for evaluation for contracts over £ and a report should be prepared for the Finance, Staffing & Premises Committee highlighting the relevant issues and recommending a decision.

## Exemption from Trust Tendering Requirements

(Applies to purchases under EU threshold only)

These procedure do not apply to the following types of expenditure;

- Exam fees;
- Payroll transactions;
- School trips and other purchases where the Trust is acting as an agent processing funds received on the behalf of others;
- Risk Protection Arrangement;
- Any Diocesan levy or contribution to Diocesan costs.

Instances of all other types purchases that do not comply with the competitive purchasing requirements, for reasons such as sole supplier, specialist services etc. will require documenting and reporting for approval through the appropriate route depending on the value of the contract.

## 12.Delegated Responsibility levels for approval of expenditure.

**The following limits apply to budgeted spend only and subject to the competitive purchasing requirements above.**

- Headteachers and CFO – up to £10,000;
- Headteachers, CEO and CFO - over £10,000 less than £30,000;
- CEO and COO/CFO and Financ, Staffing & Premises Committee - Over £30,000 less than £75,000;
- Finance, Staffing & Premises Committee/Trust Board above £75,000.

## 13.Signing of Contracts

When a tender is accepted and a contract is entered into in behalf of the Trust only the officers as nominated in **Scheme of Delegation** at have the authority to sign a legally binding contract or agreement on the Trust's behalf.

## Register of Contracts

The Central Finance team will maintain a **contracts register** which is to be updated on a continuous basis. This will aid with the planning and delivery of procurement decisions and obtaining value for money.

The process for raising requisitions and orders, receiving goods and paying invoices is detailed in the Academy **Operating Procedures**. Procedures ensure:

- Requisitions and orders are raised in all but exceptional circumstances;
- Invoice are only paid if matched with orders and GRNs;
- Invoices are valid and arithmetically correct;
- Invoices are coded correctly;
- Authorised in line with delegated limits;
- Suppliers are added to the register accordingly.

## 14. Payments

BACS and direct payments will be used whenever possible.

Manual cheques may be used by the Central Finance Team only in exceptional circumstances and made under the rules and regulations set out elsewhere in this manual. The only cheque books within the Trust are held by the Central Finance team. All bank accounts must have dual authorisation and at least three cheques signatories. All amendments to signatories must be approved by the CFO.

Direct Debits may be set up in certain circumstances, subject to the advance approval of the CFO.

## 15. Other Purchasing

### Petty Cash

Petty Cash imprests will not be used by the Trust. Employees wishing to make a claim for reimbursement will be able to do so through the Claim for Reimbursement forms at each academy. Employees will be paid directly via BACS when this reclaim is processed.

### Purchasing Cards

Purchasing cards have been issued for the purposes paying for goods and services when the normal ordering processes are not possible.

All purchasing cards will be subject to prior approval of the CFO and register of cardholders will be maintained by the Central team.

Each Cardholder will sign a **cardholder user agreement** and is responsible for following these guidelines.

Card statements will be promptly checked and reconciled to receipts by Central Staff. Statements will then be subject to appropriate authorisation by a more senior officer (the card of the CEO will be authorised by the CFO/Chair of Board).

## 16.Income

The main source of income for the Trust are the grants from the ESFA. The receipt of these funds is monitored by the Central Finance team who are responsible for ensuring all grants due to the Trust are collected.

### Other Grants

Prior to any grant/ funding bids being prepared and submitted to any funder, the grant should be discussed with the CFO and Central Finance team who will support and co-ordinate the bid and grant bids across the Trust and this will be notified to the Finance, Staffing & Premises Committee.

Approved grants need to be built into budget assumptions and budgets loaded in terms of both income and expenditure. The grant control file should be retained by Central Finance team with copies of the initial bid, the offer letter and the terms and conditions that need to be complied with.

### Other Income collected by the Trust

The Trust collects income from parents or the public for:

- School Transport;
- School Meals;
- Trips and residential visits;
- Book bags & Uniform;
- Nursery Places;
- Breakfast & After School Club fees;
- Lettings.

The Trust may also receive donations from parents and other members or organisations within the community. The Trust also may obtain additional grant funding from the ESFA/DfE/Ofsted to fund the following operational supporting activities:

- Teaching School Alliance;
- NLE Grant income;
- DfE Hub or MAT growth funding;
- School Improvement;
- Ofsted inspection income.

The Trust may also set up separate legal entities/Trading Arms in order to generate additional funding for the benefit of the Trust. The funding will be 'gifted back' to the Trust.

**Operating Procedures** in each Academy provide detailed instructions regarding the receipt, reconciliation and banking of each income stream. The procedures ensure that all income is adequately controlled and safeguarded and Headteachers and the CFO will ensure that there is a clear segregation of duties to prevent one individual being able to undertake a complete transaction in isolation.

## 17. Bank Reconciliations

Each bank account is reconciled on at least a monthly basis in line with Operating Procedures.

Bank reconciliations will be completed and documented by the Central Finance team and then reviewed and approved by the CFO.

### Debtors and liabilities

#### Debt Recovery – see Delegated Limits for write-off

Headteachers up to £50 in relation to pupil debt only.

Finance, Staffing & Premises Committee must approve all commercial debt write-offs and pupil debt above £50.

The Trust may perform the following financial transactions up to the limits set out below:

- writing off debts and losses, including any uncollected fines; and
- entering into guarantees, indemnities or letters of comfort, excluding those relating to borrowing by the trust.

Limits:

- £45,000 per single transaction;
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements; and
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified financial returns for the previous two financial years.

Beyond these limits the Trust must seek and obtain explicit and prior approval of the Secretary of State, through the ESFA, for the transaction.

## 18. Treasury Management

### Trust Banking Arrangements

The Trust has appointed LLOYDS as their bankers for all current banking needs. The opening of all bank accounts must be authorised by the Trust's Finance, Staffing and Premises Committee.

### Cash Flow Forecasts

The Central Finance team is responsible for preparing monthly cash flow forecasts to ensure that the Trust has sufficient funds available to cover day-to-day operations and where possible allow the investment of surplus funds.

### Borrowing

In line with funding agreements, the Trust must seek ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable. It is noted however that it is unlikely that such approval will be given. Purchasing cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues.

Any transaction that may involve a form of borrowing or delayed repayment must be reviewed and approved by the CFO.

## Leasing

There are two types of lease:

- Operating leases - these do not represent borrowing;
- Finance leases: these are a form of borrowing and the Trust must obtain ESFA's prior approval before they are entered into. It is unlikely that such approval will be given.

Academies must seek approval from the CFO before entering any form of lease agreement.

## Fixed Assets

Each Academy within the Trust must retain their list of assets and this will be used to provide an overarching asset register within the Trust.

Academy trusts must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following transactions:

- acquiring a freehold of land or buildings;
- disposing of a freehold of land or buildings; and
- disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally;
- taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years;
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

The consent of the Diocesan Trustees is needed before any purchase or disposal of freehold or leasehold property.

## Inventories

It is the responsibility of each Academy to maintain an **inventory** of any portable item of equipment with an initial cost value of £200.

## Reporting responsibilities for disposals, write offs, leases and assets

In all transactions, irrespective of whether the Secretary of State's approval is required, the Trust will:

- obtain relevant professional advice where appropriate, including that of their external auditor where necessary;
- ensure that the decision represents value for money, and is justified as such;
- agree internal delegation levels within the Trust; and
- disclose aggregate figures for transactions in each of the relevant categories as a note to their annual accounts. In addition, separate disclosure is required in the annual accounts of each transaction at 17 above £5,000.

## Novel, contentious and repercussive transactions

Novel and contentious transactions must always be referred to the ESFA for explicit prior authorisation.

Novel payments or other transactions are those in which the Trust has no experience, or are outside the range of normal business activity for the trust.

Contentious transactions are those which might give rise to criticism of the Trust by the public or the media.

Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

The ESFA consider that it is for trusts to use their judgement about when they should seek the prior advice of the ESFA. Public money must always be spent prudently and in ways that command broad public support.

**If there is any doubt whether a transaction could be seen as novel, contentious or repercussive academies must seek advice from the CFO.**

## Appendices to Financial Regulations

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## 1. COUNTER FRAUD AND CORRUPTION STATEMENT

The Trust is an honest and ethical organisation. As such, it is opposed to and seeks to eliminate fraud and corruption by the way it conducts its business. The full Anti-Fraud and Corruption Policy sets out the Trust's approach and procedures for dealing with the risk of significant fraud or corruption.

In order to minimise the risk and impact of fraud and corruption, the Trust's objective is to embed a zero tolerance culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting.

Any instance of suspected fraud, corruption or financial irregularity must be reported immediately to the CFO who will, in liaison with the Accounting Officer, judge how the matter is investigated and whether to involve the Police.

The Trust must notify the ESFA, as soon as is operationally practical based on its particular circumstances, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, must also be reported.

## 2. EXEMPTION FROM TRUST TENDERING PROCEDURES REQUEST

The Trust needs the power to waive the requirement of its internal tendering procedures in certain circumstances. No exemptions can be used if the estimated value of the goods or services exceeds OJEU thresholds.

An exemption from the Trust's requirements allows a contract to be placed by direct negotiation with one or more suppliers. All exemptions, and the reasons for them, must be recorded using the appropriate form. Exemptions shall be signed by the Accounting Officer, Chief Operating Officer and the Chair of the Trust's Finance, Staffing and Premises Committee.

The following lists the details that allow exemptions:

- Any contract or sub contract that is substantially for the undertaking of services in which the exercise of specialist professional knowledge and skill is of primary importance and where such professional knowledge and skills is only available from a single provider, or a limited range of suppliers;
- For work, supplies and services which are patented or of a proprietary or special character and for which it is not possible or desirable to obtain competitive prices;
- Where for technical, commercial or artistic reasons or because of exclusive rights, it is not reasonable to advertise for tender;
- The Chief Operating Officer must be consulted where the contract is an extension to an existing contract and a change of supplier would cause:
  - Disproportionate technical difficulties;
  - Additional costs;
  - Significant disruption to the delivery of Academy operations;
- Where an exemption is necessary because of an unforeseeable emergency involving immediate risk to persons, property or serious disruption to Academy operations, the Accounting Officer or Chief Operating Officer may approve the exemption but must prepare a report for the next Trust Finance & Resources meeting to support the action taken.

The Chief Operating Officer must monitor the use of all exemptions and therefore all forms should initially be sent to this post holder. The signature sign off on the form details the order in which the list should be signed and approved.

### 3. FORM – EXEMPTION REQUEST FROM TRUST TENDERING PROCEDURES

Originator Employee

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Academy/Trust

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What is the main reason for the exemption based on the approved criteria for exemptions?

Please advise on details of the Company, amounts and duration of proposed contract

Please detail the reason why this approval cannot go through the standard procurement route

Approved yes/no – If no please detail the reason below

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Approved by (Signature and Dates)

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Chief Operating Officer

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Accounting Officer

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Chair of the Trust Finance & Resources Committee

## COMMITTEE TERMS OF REFERENCE: FINANCE, STAFFING & PREMISES and AUDIT & RISK

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1. The Directors have the power to establish any committee to assist in the conduct of the business of the Trust. If a committee is to have decision making authority, the committee board must comprise a majority of Directors, enabling a quorate decision to be made.
2. Details of the committees established by the Trust are noted in the Trust's Structure Chart appended to the Scheme of Delegation.
3. Where relevant the following functions may be delegated to any committee or committees dealing with matters of finance, audit and risk.

### Finance, Staffing & Premises

4. To ensure that the Trust Board is kept informed of all major financial issues concerning the Trust and its Academies, the overall Trust budget and those of the individual Academies, the management of funds against the budget, the benchmarking of financial performance and the heads of expenditure, the way funds are utilised (including value for money) and the way monies are secured.
5. To recommend the annual budget for the Trust and the Academies to the Trust Board for approval, having consulted Headteachers and (if appropriate) Local governing bodies.
6. To receive reports from the Headteachers regarding the Trust's/Academies' finances. This will include reports on the monitoring of income against expenditure and proposals to revise forecasts for the year. The committee will work with the Trust and the Headteachers to make any recommendations to the Trust Board.
7. To monitor the production, timeliness and accuracy of key financial statements in response to both statutory and local requirements.
8. To support (recommending and advising) the Trust Board in developing and then implementing a reserves policy and to consider the impact of strain in individual Academy budgets.
9. To support (recommending and advising) the Trust Board in developing and then implementing the Financial Regulations Manual and associated procurement policy.
10. To review tenders for major contracts as specified in the Financial Regulations Manual. To approve or reject tender proposals or, where required, make recommendations to the Trust Board.
11. To recommend any changes in the Financial Regulations Manual, where significant, to the Trust Board. To review the operations of the Trust and the Academies in relation to the procedures shown in the Financial Regulations Manual. To work with the Headteachers to resolve breaches and to improve procedures as appropriate.
12. To monitor key financial and accounting systems and reviewing any audits of these or the general finances of the Trust and make recommendations to the Trust Board and/or the Local governing bodies as appropriate.

### Audit & Risk

13. Advise and report to the Directors in relation any organisational risks which might impede the development and implementation of a long term strategy for the success of the Trust. The Directors shall consider any such advice given by the Audit Committee.
14. Support the Directors in developing an organisational structure which reflects the Trust's values and enables the management systems, structures and processes to work effectively in line with legal requirements and to ensure sound financial management.

15. Support the Directors in the formulation of financial and risk management policies for the Trust and the Academies for achieving the aims and objectives set out in the Trust's Development Plan or long term strategic vision.
16. Advise the Directors on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money).
17. Regularly review the statement on internal control and make appropriate recommendation to the Directors and when appropriate communicate messages and advice to the Local governing body, liaising as necessary with any responsible officer appointed by the Local governing body to be responsible for financial oversight and risk management of the Academy's activities.
18. Support (and challenge when necessary) the Directors and in particular the Chief Executive Officer (being the Trust's "accounting officer") to ensure he or she satisfies his or her duty as accounting officer to:
  - 18.1. Ensuring value for money;
  - 18.2. Ensuring regularity and propriety;
  - 18.3. Ensuring prudent and economical administration;
  - 18.4. Avoiding waste and extravagance;
  - 18.5. Ensuring the efficient and effective use of resources;
  - 18.6. Keeping proper accounts.
19. Establish and implement a system of financial and risk reporting by the Academies to the Directors and to oversee that reporting to ensure that such a system complies with the Trust's legal obligations.
20. Review any financial and risk report submitted by the Academies and advising the Directors on any issues arising from it as well as making recommendations for future reports to sustain the integrity of the financial and risk management systems.
21. Advise on the formulation and implementation of a policy for the approval and signing of contracts, ensuring all contracts to be entered into by the Academy are appropriate, have been authorised (or are within delegated authority) and do not expose the Academy to undue risk.
22. Advise the Directors on the appointment, reappointment, dismissal and remuneration of auditors (both external auditors and internal audit).
23. Monitor the effectiveness of auditors, including the use of auditor performance indicators.
24. Ensure effective coordination between auditors ensuring that a consistent method of audit is adopted across all Academies.
25. Ensure that additional services undertaken by auditors are compatible with the audit independence and objectivity.
26. Agree the work programme of internal audit including the checking of financial controls, systems, transactions and risks.
27. Consider the reports of the auditors and, when appropriate, advise the Directors and the Academies of material control issues.
28. Monitor the implementation of agreed audit recommendations.
29. Advise on policies for the securing of the funds and assets of the Trust including by the prevention of loss through fraud and irregularity.
30. Ensure that all allegations of fraud and irregularity are appropriately investigated and control weaknesses addressed, working with the Directors and the Headteachers of the Academies, as appropriate.
31. Recommend the annual financial statements to the Directors for approval.