



## **Policy and Procedure: Finance Policy**

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### **1 Background**

- 11** The purpose of this policy and associated procedures is to ensure that Eastern Multi-Academy Trust ("the Trust") maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's Funding Agreement with the Department for Education (DfE). The Trust must comply with the principles of financial control outlined in the academies' guidance published by the DfE.
- 12** This policy expands on that guidance and provides detailed information on the Trust's accounting procedures and how this compliance is achieved. The policy must be read, understood and followed by all staff involved with financial matters.
- 13** This policy relates to all of the Trust's academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff. Non-compliance could result in disciplinary procedures.
- 14** This policy is designed to be consistent with:
- ESFA Academies Trust Handbook
  - Academies Accounts Direction
  - Trust Articles of Association / Constitution
  - Master and Supplemental Funding Agreements
  - HM Treasury's "Regularity, Propriety and Value for Money".

The Finance Policy must be read in conjunction with a range of other Trust Policies including the Pay Policy.

The Board of Trustees reserve the right to withdraw any delegated financial control allocated to an individual or an academy.

This Policy contains the following appendices:

1. Appendix 1 Financial Authorisation Levels
2. Appendix 2 Procurement

## **2 Organisation**

- 21** The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. The financial reporting structure is outlined below:

### **Board of Trustees / Finance & Operations Committee / Audit & Risk Committee**

- 22** The Board of Trustees / Finance & Operations Committee / Audit & Risk Committee of the Trust has overall responsibility for the administration of its academies' finances and the effectiveness of internal controls.

The main responsibilities of the Board of Trustees are prescribed in the Trust Articles of Association, its Constitution and in the Funding Agreement between the Trust and each of its academies with the Department for Education (DfE).

The Board of Trustees delegates authority to its sub-committees or Trust staff through the published scheme of delegation.

In addition, financial information needs to be prepared in accordance with company and charity law and in line with accounting standards identified by the ESFA.

These responsibilities in relation to financial matters include:

#### **2.2.1 Board of Trustees**

The Board of Trustees is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:

- finance policy development and strategic planning
- ensuring sound management and administration of the Trust and its academies and ensuring that managers are equipped with relevant skills and guidance
- ensuring compliance with general legislative requirements
- establishing and maintaining a transparent system of prudent and effective internal controls
- management of the Trust's financial, human and other resources

- monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon
- setting the Trust's standards of conduct and values
- assessing and managing risk, (including the preparation of a statement on academies risk management, for its annual report and accounts)
- holding to account the CEO, the Principals and Trust staff

### **2.2.2 Finance & Operations Committee**

The Committee is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity; most particularly by;

- assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds
- promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement
- contributing to the formulation of each Academy's Development Plan, through the consideration of financial priorities and proposals, in consultation with the CEO, the Chief Finance Officer and Principals, with the stated and agreed aims and objectives of the Trust
- considering and recommending acceptance/non-acceptance of the Trust's budget at the start of each financial year
- monitoring and reviewing income and expenditure on a regular basis and ensuring compliance with the overall financial plan for the Trust, and with the Academies Trust Handbook, drawing any matters of concern to the attention of the Board

### **2.2.3 Audit & Risk Committee**

The Committee is responsible for scrutinising the Trust and Academy internal control systems and risk management arrangements, most particularly by:

- assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds
- improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board
- promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement
- promoting the development of internal controls and risk management systems which will help satisfy the Board that the Trust and its academies will achieve their objectives and targets and are operating:
  - in accordance with any statutory requirements for the use of public funds
  - within delegated authorities laid down by Board of Trustees
  - in a manner which will make most economic and effective use of resources available

## **The Chief Executive Officer**

- 23** The Chief Executive Officer (CEO), as well as being the most senior officer with the Trust, is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money".

The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he / she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are considered and full regard is given to any issues of propriety or regularity.

- 24** The main responsibilities of the Accounting Officer include:

- the development of the annual budget
- the development of medium-term financial plans
- the regular monitoring of actual expenditure and income against budget, ensuring the timeliness and accuracy of reports
- ensuring the annual accounts are produced in accordance with statutory requirements and DfE guidance issued to academies
- ensuring all financial returns are completed on time and to the right standard
- authorising expenditure within the approval limits shown in Appendix 1 and in line with the agreed procedures
- authorising changes to the Trust's personnel establishment

- 25** The Chief Finance Officer (CFO) is the senior financial officer within the Trust, providing professional financial guidance to the CEO and the Board of Trustees.

The main responsibilities of the Chief Finance Officer are:

- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each academy
- the preparation of budgets and medium-term financial plans
- ensuring returns to ESFA and other funding agencies are completed correctly and on time
- ensuring returns to statutory agencies are completed correctly and on time
- cash flow and treasury management including managing investments
- the management of Finance Teams

- authorising orders and the award of contracts within the approval limits shown in Appendix 1 and lasting more than one year
- maintaining database for all Trust and Academy contracts
- authorisation of bank payments within the approval limits shown in Appendix 1

## **26 The Trust's Principals**

Within the framework of the Trust's Development Plan, each Academy Principal has overall responsibility for the academy's activities including delegated responsibility for financial governance. Whilst much of the financial responsibility has been delegated to the Chief Finance Officer, the Principal retains financial responsibility for

- approving new staff appointments within the authorised establishment, except for any senior staff posts where the Board of Trustees have retained responsibility
- authorising orders within the approval limits shown in Appendix 1
- awarding contracts within the approval limits in Appendix 1 and lasting less than one year
- ensuring the delivery of the Academy annual budget as approved by the Trust
- monitoring the regular budget reports with the Finance Manager and acting on overspends or risk
- ensuring that all financial transactions follow Trust guidance on internal control and demonstrate Value for Money

The Principal should recognise that certain areas of expenditure must be agreed and approved by the Trust central team – typically IT, maintenance, staff development – where the Trust can demonstrate the benefits of expertise and collective procurement. This is outlined in Appendix 1.

## **27 Finance Managers**

Each Academy has a designated Finance Manager who works closely with the Principal and the Trust Executive Leadership Team to ensure sound financial control and reporting

- the day to day management of financial issues
- the preparation of monthly management accounts in conjunction with the Chief Finance Officer;
- development and monitoring of the annual budget in conjunction with the Chief Finance Officer, Academy Principals and the Education teams
- releasing orders following authorisation by the Principal
- ensuring that financial controls are working effectively at academy level and ensuring the completeness of financial records.

## **2.8 Internal Audit**

The Internal Auditors are appointed by the Board of Trustees (through the Audit & Risk Committee) and provide Directors with an independent oversight of the financial affairs. The main duties of the Internal Auditors are to provide the Board of Trustees with independent assurance that:

- the financial responsibilities of the Board are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully considered in reaching decisions.
- risks are identified and appropriate actions put in place

**2.9** The internal auditors undertake a regular programme of reviews to ensure that financial transactions have been properly processed and that controls are operating effectively. A report of the findings from each visit will be provided to the Audit & Risk Committee for review.

## **2.10 External Audit**

External Auditors are appointed by the Members of the Trust. The External Auditors are responsible for the annual audit of the financial statements and as part of the audit process undertake assurance audit work on compliance and regularity.

## **2.11 Academy Councils**

Academy Councils do not have financial authority although with their governance role they provide an additional level of oversight, seeking to ensure that the academy has the resources to address its objectives and priorities.

## **2.12 Other Staff**

Other members of staff, primarily Finance Officers and Admin Assistants, will have limited financial responsibilities and these are detailed in separate procedures and in job descriptions.

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

## **2.13 Conflict of Interest**

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, Trust directors and senior staff are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services.

- 2.14** The register should include all business interests such as directorships, share-holdings or other appointments of influence within a business or organisation, which may have dealings with the Trust. 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 or a member of staff by that person.
- 2.15** The existence of a register of business interests does not detract from the duties of directors and staff to declare interests whenever they are relevant to matters being discussed by the board or a committee. Those who are considered to have a conflict of interest in the business proposed must absent themselves from any such discussion or vote.
- 2.16** Related party transactions must be reported as part of the annual financial statements as set out in the Academies Accounts Direction.

Academy trusts must report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing or being renewed.

Academy trusts must seek prior approval from ESFA for contracts or agreements for the supply of goods or services to the trust by a related party agreed on or after 1<sup>st</sup> September 2023 where a contract or other agreement exceeds £40,000 in the same financial year ending 31<sup>st</sup> August 2024.

### **3 Accounting system**

- 3.1** All financial transactions of the Trust and its academies must be recorded on the approved Trust financial system.

#### **System Access**

- 3.2** Entry to the accounting system is password restricted and the Chief Finance Officer is responsible for implementing a system, which ensures that passwords are changed in accordance with the IT Policy.
- 3.3** Access to the component parts of the system can also be restricted and the Chief Finance Officer is responsible for setting access levels for all members of staff using the system.

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

- 3.4** The Chief Finance Officer is responsible for ensuring that there are effective back up procedures for the system. This responsibility is delegated operationally to the Trust IT provider to ensure daily back-ups are in place as outlined in the prescribed procedure prepared by the Trust IT provider.

#### **Transaction Processing**

- 35** All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for transaction processing are identified in the related operational procedures.

All processing undertaken by a third party e.g. payroll processing must be within an arrangement that is GDPR compliant.

### **Month end procedures**

- 36** The Finance function is responsible for ensuring all reconciliations are performed routinely, and that any reconciling or balancing amounts are cleared. The key accounts are:
- sales ledger control account                      monthly by academy
  - purchase ledger control account                monthly by academy
  - payroll control account                            monthly by academy
  - accruals and prepayments                        monthly by academy
  - bank reconciliations                              monthly within 5 working days
  - Inter-academy balances                          monthly by academy
  - VAT control accounts                              quarterly

- 37** Month End procedures and the preparation of management accounts are outlined in the supporting prescribed procedures.

Management accounts are prepared in accordance with the published timetable, which outlines the key processing dates.

Accounts must be produced in line with the guidelines dictated in the Academies Trust Handbook.

## **4 Financial Planning**

- 41** The Trust and each academy will prepare both medium-term and short-term financial plans. Medium term is defined as a period of three years.
- 42** The Trust will set overall core objectives, which will be turned into specific objectives for the Trust and each Academy. The medium-term financial plan establishes how each academy's educational and other objectives / priorities are going to be achieved within the expected level of resources over the next three years.
- 43** The Trust strategy and improvement plans also provide the framework for the annual budget. The annual budget is a more detailed statement of the expected resources available to each academy and the planned use of those resources for the year.

### **Annual Budget and medium-term financial planning**



- 4.4** The Chief Finance Officer is responsible for working with the Principals, the Trust Executive Leadership Team, the Finance Managers and others to prepare a draft annual budget and three-year plans for consideration by the CEO. The CEO is responsible for the approval of the budget and financial plans by the Board of Trustees.
- 4.5** The approved budget and three-year financial forecasts must be submitted to the DfE by the specified date, and the Chief Finance Officer is responsible for establishing a timetable that allows sufficient time for the approval process and ensures that the submission date is met.
- 4.6** The annual budget will reflect the best estimate of the resources available to the academies for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the Trust and Academy priorities and the budgeted utilisation of resources.

### **Balancing the Budget**

- 4.7** Each academy should set a balanced budget, considering the current level of reserves, medium term projections and the need to invest to meet the longer-term business plan.

In circumstances where a deficit academy budget is set, the Board of Trustees will be made fully aware of the rationale for the proposal and the plans for the financial recovery programme.

### **Finalising the Budget**

- 4.8** Once the different options and scenarios have been considered, a draft budget should be prepared by the Chief Finance Officer for approval by the CEO, Finance & Operations Committee and the Board of Trustees. The approved budget should be communicated to all staff with financial responsibility so that everyone is aware of the overall budgetary constraints.

Consideration of the Trust's overall financial position and wellbeing must be considered as part of the process of finalising the budget.

### **Monitoring and Review**

- 4.9** Monthly reports will be prepared by the Finance Managers, supported by the Chief Finance Officer. The reports will detail actual income and expenditure against budget for budget holders and at a summary level for the CEO, Trust Executive Leadership Team, Principals, Chief Finance Officer, Academy Councils, Finance and Operations Committee and the Board of Trustees.
- 4.10** Academy management accounts will normally be submitted to the Chief Finance Officer by Finance Managers within 10 working days. This may be extended at the discretion of the Chief Finance Officer.

The management accounts will be reviewed and Trust consolidated accounts prepared by the Chief Finance Officer within the next 5 working days.

Monthly management accounts will be circulated by the Chief Finance Officer to all Finance and Operations Committee members separately when there is no timely Committee meeting.

- 4.11** The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. Monthly management accounts will always include a latest financial forecast for the year. The variance from the budget identifies the virements. If a budget category overspend is forecast, it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised as shown in Appendix 1 and assurance received that Trust / Academy priorities are not put at risk.
- 4.12** If an overspend cannot be contained within the overall budget, the revised forecast and recovery plan must be formally approved at the next Finance & Operations Committee meeting.

## **5 Payroll**

- 5.1** The main elements of the payroll system are:

- staff appointments
- payroll administration and payments

### **Staff Appointments**

- 5.2** As part of the annual budget process, the Board of Trustees will approve a staff establishment for the Trust and each academy. This is reflected in the annual staffing budget, which includes any proposed agency budget.
- 5.3** Changes to the agreed staff establishment can only be made with the approval of the CEO, Chief Finance Officer and Director of People and Culture. The approval will be dependent upon confirmation from the Principal and the Chief Finance Officer that adequate funding exists for the changes and approval from the Director of People and Culture that the change is consistent with HR policy and procedures

Changes to establishment include:

- Additional members of staff including maternity or long-term sickness cover
- Additional responsibility payments such as TLRs, allowances for SENCO etc
- Regrading where the role has changed
- Increases to hours or working weeks

All other changes can be approved by the relevant School Improvement Director, Finance Manager and HR Business Partner.

These changes may include:

- Like for like replacements
- Reduction in hours or working weeks
- Reduction in grading

- Removals of responsibility payments

In addition, the aforementioned School Improvement Directors, Finance Managers and HR Business Partners can authorise changes to contracts that incur small increases in staff costs, subject to the following restrictions

1. The total changes in an academic year does not exceed 0.5% of the overall staffing budget for the academy or £10,000, whichever is the higher.
2. The cost increase is fundable within the confines of the agreed academy budget for the year
3. The increase does not pose a long-term financial challenge to the academy

- 5.4** The recruitment of vacancies must follow the documented Vacancy Authorisation process, based upon the delegation approved by the CEO. This delegation and the required sign-off reflects the financial impact of the recruitment. The sign-off includes confirmation that consideration has been given to alternative approaches before a post is advertised.
- 5.5** The recruitment of long-term agency staff is subject to the same controls as for employed staff.
- 5.6** The use of short-term supply staff (short term being defined as twenty days or less) should be subject to the same level of internal control as any other procurement and reported monthly by Finance Managers as part of the routine financial reporting.
- 5.7** Any adjustments to pay / benefits outside the Pay Policy must be approved by the CEO and the Board of Trustees.
- 5.8** Subject to clauses 5.2 – 5.7, the CEO has authority to appoint staff within the authorised establishment except for the roles where the Board of Trustees will be involved. The Board of Trustees retains the authority to appoint the
- Chief Executive Officer
  - Deputy Chief Executive Officer
  - Chief Finance Officer
  - members of the Trust Executive Leadership Team
  - Academy Principals and Executive Principals
  - School Improvement Directors

and will agree the remuneration and terms and conditions of employment of these staff.

### **Payroll Administration and Payments**

- 5.9** Payroll is currently outsourced and the approval of the HR Committee and the Finance & Operations Committee is needed to change any such arrangements.
- 5.10** The Trust has an agreed Pay Policy. Any variations from this must be approved by the CEO and the Board of Trustees.
- 5.11** The monthly payroll must be approved by the Director of People and Culture prior to payment being made and reviewed subsequently by the Chief Finance Officer.

- 5.12** Any payments or settlement agreements in line with contractual arrangements relating to the termination of employment contracts must be approved by the Director of People and Culture following confirmation by the CEO and Chief Finance Officer.
- 5.13** Any payments of a non-contractual nature must be further approved by the HR Committee. These are classed as Special Payments and must follow ESFA guidelines as per the Academies Trust Handbook.
- 5.14** Any payments that may be of a novel, contentious or repercussive nature must be referred to the ESFA for prior approval.

## **6 Procurement**

- 6.1** The Trust wants to achieve the best value for money from all its purchases. This means getting goods at the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and there is a need 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;
  - Accountability, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

It is particularly important in the case of the Trust that any tenders, where a Trust member or director may have a conflict of interest, be managed with utmost probity.

- 6.2** Transactions with connected parties, including with members or directors, should be at cost and not include a profit element.

### **Routine Purchasing**

- 6.3** Budget holders will be informed of the budget available to them before the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the Finance Manager, and to ensure that any expenditure is consistent with the objectives of the academy.
- 6.4** Appropriate authorisation limits are reviewed annually and approved by the Board of Trustees (see Appendix 1).
- 6.5** It is necessary to take the principles of value for money into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted.
- 6.6** Procurement routes are outlined in Appendix 2.
- 6.7** Any transactions with consultants/contractors will be reviewed by the Trust Leadership Team and any commitment in excess of a day rate of £250 need to be approved by the CEO.

- 6.8** Any IT purchases, including IT packages, need to be approved by the IT Manager as detailed in Appendix 1.

Any expenditure which appears to be of a contentious, novel or repercussive nature, should be referred to the Chief Finance Officer or the CEO who will consider whether it is necessary to refer the matter to the ESFA. A definition of such expenditure is that which might attract public attention.

Some examples, although this list is not exhaustive, include:

- payments in relation to the termination of employment contracts
- settlement agreements
- related party transactions or connected party transactions – including with directors, members or
- transactions with consultants

### **Forms of Tenders**

- 6.9** Details of forms of tenders and how to run a tender process are included in Appendix 2.

### **Trust Credit (Procurement) Cards**

- 6.10** A limited number of Lloyds Commercial Banking cards (with identified financial limits) are issued to academy staff and the Trust corporate team.

All cards are in the name of an individual who must be an employee. The use of a card by anyone other than the named employee is not allowed.

All cards must be approved by the Chief Finance Officer or the CEO where conflict exists

- 6.11** Debit cards are not permitted.
- 6.12** Procedures for the authorisation of expenditure using purchasing cards is identified in Appendix 1.
- 6.13** Trust procurement cards have replaced the use of petty cash.

## **7. Income**

- 7.1** The main sources of income for the Trust are the grants from the DfE / ESFA. The receipt of these sums is monitored directly by the Chief Finance Officer who is responsible for ensuring that all grants due to the Trust are collected.
- 7.2** Grant funding is received from sources such as the local county and borough councils for a variety of purposes including SEN funding.

**7.3** The Trust also obtains income from a range of other sources including:

- students, for example trips, activities, uniforms, school dinners, extended school activities
- the public, mainly for lettings
- donations and contributions from individuals and organisations

#### **Trips**

**7.4** Each academy has a specific procedure for Trips. A designated staff member must be appointed for each trip to take responsibility for the collection of sums due. The appointment must be approved by the Principal.

The designated staff member, with support from the finance team, will be responsible for estimating the costs, ensuring the cash is collected, producing a financial statement.

The Finance Manager is responsible for ensuring that the financial transactions relating to trips are recorded correctly and reconciled.

## **Lettings**

- 7.5** Letting and hire of the Trust facilities will be conducted in line with the Lettings Policy for each academy, which includes a scale of charges, which will be reviewed annually.

## **Custody**

- 7.6** Monies collected should be held securely in the Academy Finance Office safe and should be banked and reconciled promptly.

All takings must be banked in full with no deductions.

The reconciliation and banking of such monies is the responsibility of the individual academy.

## **8 Cash Management**

### **Bank Accounts**

- 8.1** The opening and closing of bank accounts must be authorised by the Audit & Risk Committee. The Chief Finance Officer will set out the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.
- 8.2** Changes to bank mandates and administration of the Lloyds Commercial Banking Online service must be authorised by the Audit & Risk Committee.

### **Payments and withdrawals**

- 8.3** All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures of authorised signatories as listed in Appendix 1.

The implementation of BACS payments removes the use of cheque payments. Authorisation of payment runs can only be made by the Chief Finance Officer or in the case of the Chief Finance Officer being unavailable, the Director of People and Culture.

The CEO has the responsibility to periodically review the payment process in accordance with the accompanying role of Accounting Officer.

The payment methodology is subject to a separate prescribed procedure.

### **Administration**

- 8.4** All bank accounts must be reconciled monthly by the Finance Officer, within five working days of month end.  
The Chief Finance Officer will review the bank reconciliations monthly.

## **Petty Cash Accounts**

- 85** The use of petty cash is not permitted.

## **Cash Flow Forecasts**

- 86** The Chief Finance Officer is responsible for preparing rolling cash flow forecasts for twelve months ahead to ensure that the Trust has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest funds in line with the Treasury Management Strategy.
- 87** Centralisation of the finance functions results in the greater use of the Trust central account. The move to a central payroll has limited the use of academy accounts. The Chief Finance Officer ensures that there is sufficient cash in academy bank accounts to cover any likely payments.

## **9 Fixed assets**

- 9.1** Fixed assets may be acquired either by the use of specific DfE grants or by the use of revenue funding.
- 9.2** All fixed asset additions must be identified by the CEO and Chief Finance Officer, and approved by the Board of Trustees.
- 9.3** All fixed assets purchased with a value over the academy's capitalisation limit must be capitalised. Expenditure in excess of £5,000 may also be capitalised even though the individual asset price is below £2,000.  
Assets below this value of £2000 will be charged to the income and expenditure in the year of purchase.
- 9.4** The artificial disaggregation of expenditure to avoid the need for capitalisation is forbidden.
- 9.5** Capitalisation limits and depreciation rates are determined in the Trust's accounting policies, which form part of the financial statements.
- 9.6** Assets
- with a value of over £500
  - with a value below £500 but considered 'attractive'

will be entered in the Academy Inventory maintained by Academy Principals

Finance Managers will review the Inventory on a yearly basis to ensure completeness and identify any discrepancies.



**9.7** The Inventory helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- manage the effective utilisation of assets and to plan for their replacement
- support insurance claims in the event of fire, theft, vandalism or other disasters
- ensure the security of assets and record the disposal of assets

**Security of Assets**

**9.8** All the items in the Inventory should ideally be permanently marked as the Trust's property and there should be a regular (at least annual) review by academy staff - someone other than the person maintaining the register. Discrepancies between the physical count and the assets recorded in the register should be investigated promptly and reported to the Finance Manager

**Loan of Assets**

**9.9** Items of Trust property must not be removed from academy premises without the knowledge of the Principal.

**9.10** If assets are on loan for extended periods or to a single member of staff on a regular basis, the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans of assets should therefore be kept under annual review by Academy Principals.

**Disposals**

**9.11** Items, which are to be disposed of by sale or destruction, must be authorised for disposal in accordance with the Finance Regulations in Appendix 1 and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of any freehold land or buildings.

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

**Leases**

**9.13** The Trust is able to enter into operational leases as outlined in the Academies Trust Handbook.

**9.14** Finance leases are classed as borrowings and can only be entered into with the specific authority of the ESFA.

**9.15** All leases or contracts longer than one year must be approved by the Chief Finance Officer.

## **10 Depreciation Policy**

- 101** The Trust will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines.
- 102** Depreciation rules will be approved by the Board of Trustees in advance of preparing the annual statements.

## **11 Companies Policy**

- 111** The Trust will not set up any companies, subsidiaries or joint ventures without the approval of the Board of Trustees.

## **12 Reserves Policy**

- 121** The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning.
- 122** The current policy is for the Trust to hold revenue reserves equivalent to at least four weeks expenditure.
- 123** All revenue reserves are controlled by the Board of Trustees including those transferred in upon conversion. The Trust CEO, following consultation with the Chief Finance Officer, has delegated authority to approve the use of unrestricted reserves, subject to the following parameters.
1. No more than £15,000 in any one primary academy in any academic year
  2. No more than £30,000 in any one secondary academy in any academic year
  3. No more than £90,000 in total in any academic year.

Outside of these limits, all other requests for reserves, including all for the Central Trust, must be approved by the Board of Trustees following recommendations from the Finance & Operations Committee

- 124** The use of contingency sums contained with annual budgets can be authorised by the CEO
- 125** The use of Earmarked Funds identified in the Funds Statement can be authorised by the CEO
- 126** In accordance with ESFA and charity accounting standards, the Trust will maintain financial records, which identify revenue reserves by Academy.
- 127** The Trust will consider opportunities to maintain a capital reserve fund which supports the Capital Investment Strategy.

## **Investment Policy**

- 128** Reserve funds will be held on deposit in an interest-bearing account in a UK regulated bank or in other instruments and investments as agreed by the Board.
- 129** The Trust will take a very prudent approach to any deposits or investments in line with its Treasury Management Policy

## **13 Charging and Remission Policy**

- 131** The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.

The separate Charging and Remission Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

In all cases, where a charge is made it will not exceed the costs of the provision.

## **14 Staff Expenses**

- 141** Trust Staff may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. Reasonable expenses include:
- Travel by public transport
  - Use of own car and parking (excluding home to work travel)
  - Unavoidable overnight accommodation
  - Reimbursement for approved items bought on behalf of the Trust, subject to evidence of expenditure

Rates and allowances are laid out in a schedule of allowed expenses and is available from the HR Department.

- 142** Wherever possible, expenditure must be conducted using the academy or Trust purchasing cards and individual claims must be by exception only.

Otherwise, staff must submit an online expense claim form through the Edupay payroll system for review and payment through the monthly payroll. All claims must be accompanied by receipts.

Payments for expenses outside of the payroll are subject to authorisation by the Chief Finance Officer.

- 143** The Chief Finance Officer will monitor claims to ensure compliance with this policy.

## **15 Directors' Expenses**

- 15.1** Directors and Members of the Trust may claim for reasonable expenses incurred by him or her when acting on behalf of the Trust, in line with the Trust policy on Governors Allowances.

## **16 Tax**

- 16.1** The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Chief Finance Officer to ensure compliance with VAT regulations.
- 16.2** The Chief Finance Officer will ensure that Corporation Tax returns are completed on time and in accordance with legislation.

## **17 Insurance**

- 17.1** The Trust reviews all risks annually to decide which risks to retain and which to transfer through the purchase of appropriate insurance coverage.
- 17.2** The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.
- 17.3** The Trust will not give any indemnity to a third party.
- 17.4** The Academy Principals will immediately advise the CEO and the Chief Finance Officer of any accident, loss of other incident, which may give rise to an insurance claim. The Chief Finance Officer is responsible for submitting all claims to the Trust insurers.
- 17.5** A summary of insurance claims will be provided to the Audit & Risk Committee annually and the Committee will be advised of any major claims as they arise.

## **18 Income Collection and the management of irrecoverable debts**

- 18.1** Wherever possible, income due will be collected before or at the time the relevant sale or service is provided.
- 18.2** Income from lettings will be collected in accordance with the Academy Lettings Policy and will ensure the correct treatment of VAT.
- 18.3** All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:
- 3 weeks from date of account - 1st reminder
  - 6 weeks from date of account – final reminder

The final reminder is sent by recorded delivery and threatens legal action if the account is

not settled within 14 days. After 10 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.

- 184** If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with Financial Authorisations in Appendix 1 and in accordance with the guidance provided in the Academies Trust Handbook.
- 185** To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.
- 186** The Trust will retain a Bad Debt Write-Off Summary.



# **Eastern Multi-Academy Trust**

## **Financial Authorisation Levels**

April 2023

## SECTION 1

### Authorisation to incur Expenditure

(All procurement is subject to UK and EU rules applicable at the time of purchase)

Delegated Duty	Order Value	Delegated Authority	Method
Secondary Academies			
Ordering Goods and Services  Subject to restrictions in relation to specialist areas	Up to £3,000	Principal	One estimate
	£3,001 to £10,000	Principal	At least two written quotes
	£10,001 - £25,000	Principal	At least three written quotes
	£25,001- £100,000	Chief Executive Officer	At least three written quotes
	Unlimited	Finance & Operations Committee	Tender
	<ul style="list-style-type: none"><li>• All requisitions MUST be signed by the Principal</li><li>• Finance Managers confirm funding available and place order</li><li>• Chief Finance Officer / Chief Executive Officer have authority to accept less than three quotes subject to evidence that this has not proved possible</li></ul>		
Primary Academies			
Ordering Goods and Services  Subject to restrictions in relation to specialist areas	Up to £3,000	Principal	One estimate
	£3,001 to £5,000	Principal	At least two written quotes
	£5,001- £10,000	Principal	At least three written quotes
	£10,001- £100,000	Chief Executive Officer	At least three written quotes

	Unlimited	Finance & Operations Committee	Tender
	<ul style="list-style-type: none"><li>• All requisitions MUST be signed by the Principal</li><li>• Finance Managers confirm funding available and place order</li><li>• Chief Finance Officer / Chief Executive Officer have authority to accept less than three quotes subject to evidence that this has not proved possible</li></ul>		
Central Trust			
Ordering Goods and Services	Up to £3,000	Chief Executive	One estimate
Subject to restrictions in relation to specialist areas	£3,001 to £5,000	Chief Executive	At least two written quotes
	£5,001 - £100,000	Chief Executive	At least three written quotes
	Unlimited	Finance & Operations Committee	Tender
	<ul style="list-style-type: none"><li>• All requisitions signed by the Chief Executive Officer</li><li>• Finance Managers confirm funding available and place order</li><li>• Chief Finance Officer / Chief Executive Officer have authority to accept less than three quotes subject to evidence that this has not proved possible</li></ul>		
Professional expertise in Specialist Areas			
Trust professional approval required in the following areas prior to placement of order  Expenditure of a novel, contentious or repercussive nature		IT Manager	IT related expenditure (excluding consumables)
		Trust Operations Manager	Health & Safety services and contracts  Statutory compliance work
		Chief Finance Officer / Trust Operations Manager	Building and Grounds Maintenance contracts
		Chief Finance Officer	Energy
		Director of People and Culture	Staff Development and Training
		Chief Finance Officer	Any contract greater than one year



		Chief Finance Officer	Any lease agreement
		Chief Executive	Expenditure of a novel, contentious or repercussive nature
		Chief Executive Officer	Appointment of Consultants, Contractors and Associates. Every appointment with a day rate greater than £250 must be approved by the CEO
Capital expenditure			
Capital Expenditure	Capital Programme reviewed by Board of Trustees and delegated to the Trust Leadership Team		
	- Funded by SCA School Condition Allowance, DFC Devolved Funding Capital or Revenue Grants		
	Following Board of Trustees and Trust Leadership Team review, expenditure authorisation as agreed above		
Delegation			
In the absence of the Chief Executive Officer, authority is delegated to the Chief Finance Officer			

## SECTION 2

### Authorisation of Payments

Delegated Duty	Value	Delegated Authority
Approval of BACS payments	Any	Chief Finance Officer, with oversight by CEO. BACS payment runs prepared by Finance Officers / Managers  In absence of Chief Finance Officer, authority passes to Director of People and Culture
Signatories for cheques and payment authorisations for individual academies	Nil	Following the move to BACS, the use of cheques will be limited to the Trust central bank account only and only in the event of an emergency
Signatories for cheques and payment authorisations for MAT	Any	Chief Finance Officer and Chief Executive Officer
Expenditure of a contentious, novel or repercussive nature	Up to £10,000 Over £10,000	Chief Finance Officer Chief Executive Officer
Payroll BACS	Any	Chief Finance Officer
Virement of budget provision between budget headings.	Up to £1,000	Finance Manager
	£1,001 - £10,000	Chief Finance Officer
	£10,000 - £50,000	Chief Executive Officer
	Over £100,000	Finance & Operations Committee
Virement of funding between academies	Any	Board of Trustees
Disposal of assets	Up to £5,000	Chief Finance Officer
	£5,001 - £25,000	Chief Executive
	Over £25,000	Finance & Operations Committee DfE approval required as appropriate for disposal of freehold and buildings
Write-off of debts considered to be uncollectable	Up to £100	Finance Manager
	Up to £1,000	Chief Finance Officer
	Over £1,000	Chief Executive Officer, with referral to the Finance & Operations Committee annually
Purchase or sale of any freehold property	Any	Board of Trustees and DfE approval required

<b>Expense Claims</b>	Academy staff Trust staff Principal Trust Senior Leadership Team Trust Clerk Chief Executive Officer Governor or Trustee / Director	Principal Relevant Senior leadership Team member School Improvement Directors Chief Executive Officer  Chief Finance Officer Chair of Board of Trustees Company Secretary
<b>Approval of the issuing of Purchasing Cards</b>	Cardholder limits set individually by Chief Finance Officer	Chief Finance Officer
<b>Purchasing Cards expenditure</b>	Academy employees Principal Central Trust staff Trust Leadership Team	Principal School Improvement Directors  Chief Finance Officer Chief Executive Officer

## SECTION 3

### Other Delegations

<b>Virement of budget provision between budget headings.</b>	Up to £1,000	Finance Manager
	£1,001 - £10,000	Chief Finance Officer
	£10,000 - £50,000	Chief Executive Officer
	Over £100,000	Finance & Operations Committee
<b>Virement of funding between academies</b>	Any	Board of Trustees
<b>Disposal of assets</b>	Up to £5,000	Chief Finance Officer
	£5,001 - £25,000	Chief Executive Officer
	Over £25,000	Finance & Operations Committee DfE approval required as appropriate for disposal of freehold and buildings
<b>Write-off of debts considered to be uncollectable</b>	Up to £100	Finance Manager
	Up to £1,000	Chief Finance Officer
	Over £1,000	Chief Executive Officer, with referral to the Finance & Operations Committee annually
<b>Purchase or sale of any freehold property</b>	Any	Board of Trustees and DfE approval required
<b>Use of reserves</b>	Contingency included in Annual Budget	Chief Executive Officer
	Earmarked reserves	Chief Executive Officer
	Revenue reserves	Chief Executive Officer
<b>Expense Claims</b>	Academy staff	Principal
	Principal	School Improvement Directors
	Trust staff	Relevant Senior leadership Team member
	Trust Senior Leadership Team	Chief Executive Officer
	Trust Clerk	Chief Finance Officer
	Executive Governor or Trustee / Director	Chair of Board of Trustees Company Secretary
<b>Approval of the issuing of Purchasing Cards</b>	Cardholder limits set individually by Chief Finance Officer	Chief Finance Officer

Purchasing Cards expenditure	Academy employees Principal Central Trust staff Trust Leadership Team	Principal School Improvement Directors Chief Finance Officer Chief Executive Officer
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## Procurement

The Trust needs to achieve the best value for money from all our purchases. This means getting what is needed in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and therefore there is a need 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 academy;
- **Accountability**, the academy is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and equitable basis.
- **Value for Money**, the Academy shall aim for:
  - Economy, minimizing the cost having regard to appropriate quality
  - Efficiency, an appropriate relationship between outputs and costs
  - Effectiveness, the achievement of the intended outputs
- All procurement must be compliant with applicable UK or EU legislation

### Routine Purchasing

The authorisation processes for purchases up to £100,000 are shown in Appendix 1, authorised as per the scheme of delegation.

The procurement process starts with the raising of a purchase requisition signed by the individual with the authority to make the purchase. Purchase orders will be generated by the finance system at which stage the Finance Manager will confirm that proper procedures have been followed and there is sufficient funding in place.

The following categories of expenditure do not require purchase orders, provided steps have been taken to demonstrate financial control and value for money:

- Catering food supplies
- Supply teaching
- Energy and other utilities

The Chief Finance Officer has authority to exceptionally approve orders without the appropriate number of quotes if it can be demonstrated that efforts have been made to seek quotes

**Please see Appendix 1 for a Summary of Financial Authorisation Levels and the procedures to be followed for ordering goods up to the value of £100,000.**

## **Tenders**

### **All purchases over £100,000**

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Chief Finance Officer how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the method of tendering 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 is such that only specific suppliers can be expected to supply the academy's requirements,
  - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
  - Government frameworks are in place in many areas and these are considered to be an effective method of procurement
- **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.

The Chief Finance Officer will make a recommendation to the Finance & Resources Committee as to the most appropriate tender route.

### **Preparation for Tender**

Full consideration should be given to:

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

A procurement specialist may be appointed if it is considered that it will benefit the process

### **Invitation to Tender**

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

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- explanation of how the tenders will be evaluated
- terms and conditions of tender and
- form of response.

### **Aspects to Consider**

#### ***Financial***

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

#### ***Technical/Suitability***

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



### ***Other Considerations***

- Pre-sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

### **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the academy. Tenders should be submitted in plain envelopes clearly marked in accordance with the tender instructions to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in the Trust Finance Office prior to tender opening. Tenders received after the submission deadline should not normally be accepted and can only be approved by the Chief Executive.

### **Tender Opening Procedures**

1. All tenders submitted should be opened at the same time and the tender details should be recorded in the presence of at least one member of the Board of Trustees and the Principal / Chief Finance Officer.
2. A separate record should be established to record:
  - the nature of the goods or material to be supplied or the works or services to be provided;
  - the name of each supplier or sub-contractor quoting/tendering;
  - the date and time of receipt of each quotation/tender;
  - the date and time of opening of the quotations/tenders;
  - the amount of each quotation/tender;
  - evaluation criteria and results
  - the name of all persons present at the opening of the quotations/tenders This

record must be signed by two people present at the tender opening.

### **Tendering 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.

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

Full records should be kept of all criteria used for evaluation and a report should be prepared for the Finance & Resources Committee highlighting the relevant issues and recommending a decision.

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

The accepted tender should be the one that scores most highly when assessed against the evaluation criteria. All parties should then be informed of the decision.