
Financial Regulations Manual

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Contents

1. Introduction.....	2
2. Organisation	2
3. Accounting System	5
4. Financial Planning.....	6
5. Payroll.....	8
6. Purchasing	10
7. Income.....	16
8. Cash Management.....	17
9. Fixed Assets	19

1. Introduction

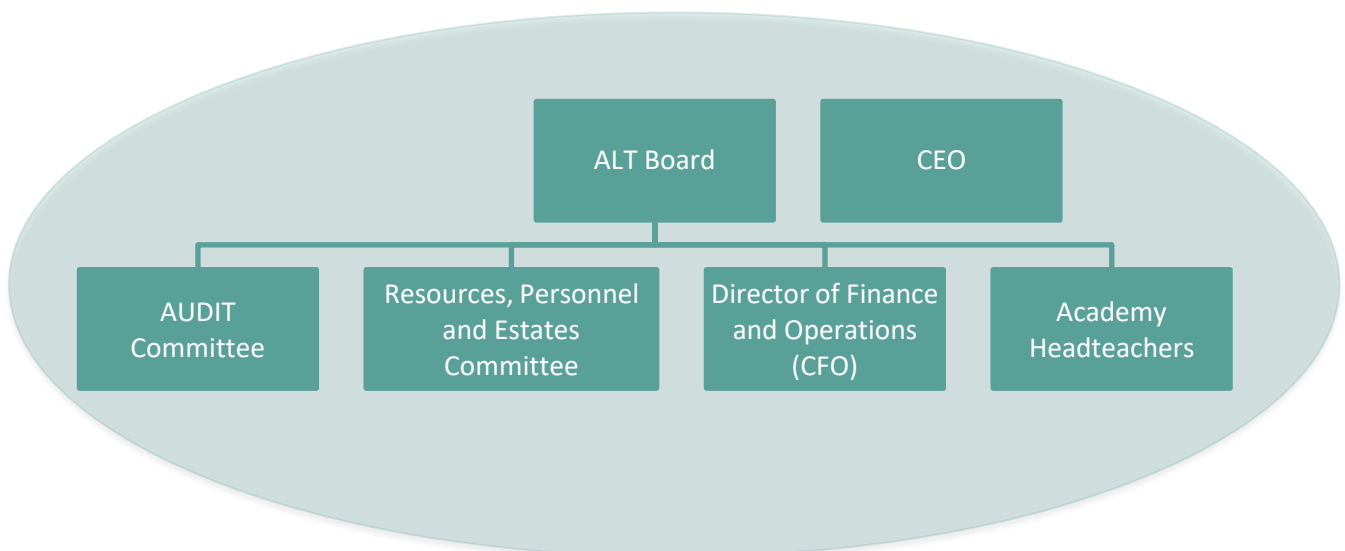
The purpose of this manual is to ensure that Arété Learning Trust (ALT/ trust) maintain and keep under regular review systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE), as well as underpinning the fulfilment of the aspirations which the trust seeks to achieve.

The trust must comply with the principles of financial control outlined in the guidance published by the DfE, Education and Skills Funding Agency (ESFA), Academies' Financial Handbook, Statements of Recommended Practice (SORP's) and recognised accounting principles. This manual expands on that and provides detailed information on the trust's accounting procedures and *should be read by all staff involved with financial systems*, in conjunction with the following trust documents:

- Asset Policy
- Whistleblowing Policy
- Risk Register
- Treasury Management Policy
- Reserves Policy

2. Organisation

The trust has defined the responsibilities of all persons involved in the administration of trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees, governors and staff. The financial reporting structure is illustrated below.



The Board of Trustees

The Board of Trustees have overall responsibility for the oversight of the trust's finances.

The main responsibilities of the Board of Trustees are prescribed in the Funding Agreement between the trust and the DfE and in the trust's Scheme of Delegation. Main responsibilities in respect of finance matters include:

- ensuring that grants from the DfE are used only for the purposes intended
- approval of the annual budget
- approval of the three year financial forecast
- ensuring that independent internal audits are carried out
- ensuring that all ESFA and DfE reporting deadlines are met

Committees

The Audit Committee and RPE Committee are committees delegated from the Board of Trustees. The Audit Committee and Resources, Personnel and Estates (RPE) Committee meet at least once a term but more frequent meetings can be arranged if necessary.

The main responsibilities of these committees are detailed in written terms of reference which have been authorised by the Board of Trustees. The main responsibilities include:

- the initial review and authorisation of the annual consolidated budget
- the reviewing of actual expenditure and income against budget
- ensuring the annual accounts are produced in accordance with the requirements of Company Law and the ESFA guidance issued to academies
- authorising the award of contracts over £100,000 or exceeding a five year term
- approving budget virements (transfers and funding) >£50,000
- review and consider with the CEO any unbudgeted expenditure exceeding £50,000.
- reviewing the reports of the Internal Assurance Service on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Trustees.
- overseeing and reporting on the financial management and control, governance, risk management, internal control and value for money framework.

Internal Assurance Service

To support them in their role the Audit Committee commission a programme of internal assurance testing and controls, to be carried out initially by an independent auditing firm. The committee receives internal assurance reports after audit testing throughout the year and also after the year end statutory accounts are prepared and audited.

The main duties of the service are to provide the Board of Trustees with independent assurance that:

- the financial responsibilities of the Board of Trustees are being properly discharged
- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained
- financial considerations are fully taken into account in reaching decisions
- risk management factors are properly addressed
- governance is in accordance with mandatory financial reporting standards
- any area of potential weakness is investigated and reported on

The Accounting Officer

The CEO has been appointed as the Accounting Officer. Within the framework of the trust's Scheme of Delegation as approved by the Board of Trustees, the CEO has overall executive responsibility for the

trust's activities including financial activities. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring the Board of Trustees that there is compliance with the Handbook, the Funding Agreement and all relevant aspects of company and charitable law. Much of the day-to-day financial responsibility has been delegated to the Director of Finance and Operations (CFO), Financial Controller (FC) and finance staff in the individual academies. Academy Headteachers retain responsibility for:

- new staff appointments and dismissals within their respective establishment, except for any senior staff posts (SLT members) which will be subject to final approval by the CEO in accordance with section 2.2 of the Detailed Delegation Levels (DDL)
- authorising contracts and orders up to a value £10,000
- signing cheques and approving BACS payments in conjunction with the designated officer or other authorised signatory. Two signatories are required on all payments

The Chief Financial Officer (CFO)

The trust Director of Finance and Operations has been appointed as the CFO and works in close collaboration with the CEO to whom (s)he is responsible and through whom to the Trustees. (S)he also has direct access to the Trustees via the RPE and Audit Committees. The main responsibilities of the CFO are:

- ensuring proper financial management and effective controls are in place to underpin the financial reporting and health of the trust
- oversight of the day to day management of financial issues including the establishment and operation of a suitable accounting system
- the management of the trust financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees
- 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 the Academy within a defined timetable and audit plan
- the review of the monthly management accounts for the Board of Trustees within a 10 working day time period from each month end
- overseeing the preparation of the annual budget in conjunction with the FC
- overseeing the finance staff across the Trust, authorising orders in conjunction with budget holders and school leaders and in line with delegated levels of authority for expenditure
- signing cheques and approving electronic payments in conjunction with the Academy Headteacher/ CEO or other authorised signatory. Two signatories are required on all payments.
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance
- ensuring mandatory reporting compliance is carried out

Other Staff

Other members of staff, primarily budget holders, will have some financial responsibilities and these are detailed in later sections of this manual. All staff are responsible for the security of trust 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.

Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all Board of Trustees, LGB members and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the trust may purchase goods or services. The register is open to public inspection and will be published on the trust and academies web-sites.

The register should include all business interests such as Trusteeships, shareholdings 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 governor or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of Trustees, governors and staff to declare interests whenever they are relevant to matters being discussed by the Board of Trustees or a committee. Where an interest has been declared, Trustees, governors and staff should not attend that part of any committee or other meeting. The Governance Administrator will maintain the Register of Business Interests and will ensure that declarations are updated on at least an annual basis.

Related Party Transactions

The trust will ensure that any 'related party' transactions entered into are on a 'not for profit' basis that satisfies the requirements of the Academies' Financial Handbook.

3. Accounting System

All the financial transactions of the trust must be recorded on the PS Financials (PSF) financial management system.

System Access

Access to the Finance system is password protected and controlled through unique user accounts. It is the responsibility of the CFO or FC to determine the appropriate levels of access for each user and that passwords are secure and regularly changed. System access must ensure that there is adequate separation of duties in the process.

Back-up Procedures

The trust utilises the latest Cloud technologies to keep the trust at the forefront of technology. The financial system offers the trust continued operation with no reliance upon one location and stringent disaster recovery protocols to match. PSF replicates the trust's data securely to multiple locations within the UK ensuring our systems are always available, 24/7. In the event of a national disaster the trust's data can be quickly restored as per their SLA.

In the event of a local disaster, any authorised user can securely continue their duties at any Internet

enabled location.

Transaction Processing

All transactions input into the accounting system must be authorised in accordance with the procedures specified in this manual.

The detailed procedures for the operation of the purchase ledger and the sales ledger are included in later sections of the manual and detailed information on the operation of the system can be found in the user manuals.

Journals - All journal entries must be documented prior to input into the PS Financials accounting system, and the system-generated reference should then be recorded on the documentation. The FC will review all journal entries as part of the month end routine.

Reconciliations

The FC is responsible for ensuring all balance sheet account reconciliations are performed each month, and reviewed and signed off by the CFO quarterly, and that any reconciling or balancing amounts are understood and cleared. In addition to the balance sheet items, the payroll control accounts will also be reconciled on a monthly basis.

Any unusual or long outstanding reconciling items must be brought to the attention of the CFO. The FC will report each month that all reconciliations have been completed to the CFO and, if judged necessary, to the CEO and to the Board of Trustees as required.

At any time, any member of the Board of Trustees, or the Chair of an LGB can ask to see that those reconciliations have occurred.

4. Financial Planning

The CFO and FC prepares both short and medium term financial plans.

Short-term plans are prepared to address time-specific or externally funded ring-fenced projects. The medium term financial plan is prepared as part of the improvement planning process. The strategic plan indicates how the trust's educational and other objectives are going to be achieved within the expected level of resources over the next period.

The strategic plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the trust and the planned use of those resources for the following year. The basic information from both sources are fed into the integrated financial planning model for each academy.

Annual Budget

The FC is responsible for preparing and obtaining approval, on behalf of the individual Academy Headteachers, of the annual budget. The budget must be approved by the CEO, CFO and the RPE

Committee who will recommend it for approval by the Board of Trustees. The CFO is responsible for ensuring that budget deadlines from the ESFA are met and timetables are established around those 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 are to be utilised. There should be a clear link between strategic planning objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant
- review of other income sources available to the trust to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the trust cost base
- identification of potential efficiency savings
- review of the main expenditure headings in the light of improvement planning objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
- cash forecasting resulting from the budget planning
- cash and Treasury resource management and proposals emanating from the cash forecasting plan, allowing for cash planning both day to day management and capital investment management within the trust

Balancing the Budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where efficiencies can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Treasury Management Policy and Reserves Policy.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by each academy for approval by the CEO, CFO, and Academy Headteacher, before it is assimilated into the trust budget. The trust budget will be discussed by the RPE Committee, before being signed off by the Board of Trustees.

The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial or appropriate planning action.

Monitoring and Review

Monthly Management reports will be prepared by the FC, and issued within 10 working days of the month end. The reports will detail surplus and deficit, actual income and expenditure against budget both for budget holders and at a summary level for the CEO, CFO and the Academy Headteachers.

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. If a significant budget overspend is forecast it may be appropriate to vire money from another budget or from reserves. See DDL for authorising virements.

5. Payroll

The main elements of the payroll system are:

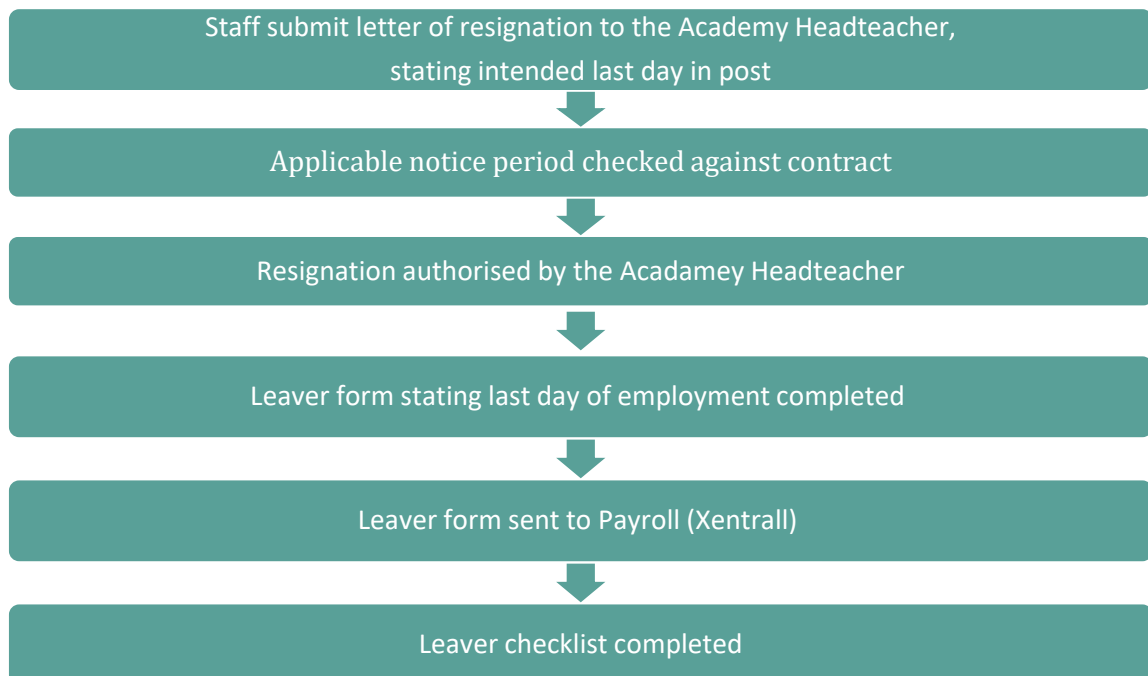
- staff appointments and leavers
- payroll administration
- payments

Staff Appointments

The Board of Trustees has approved a recruitment policy for the trust. New posts and significant changes can only be made in accordance with the levels of delegation outlined in the DDL.

Academy Headteachers and the CEO have authority to appoint staff as set out in the DDL. Every Academy Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified in writing immediately to the trust HR Administrator and the finance department.

Staff leavers' process



Payroll Administration

The trust has outsourced its payroll processing to Xentrall.

Xentrall has a contractual obligation to process transactions in line with the agreed service specification

and to meet all statutory requirements. The company is responsible for making monthly net salary payments to all staff and all deductions to third parties including HMRC and pension bodies. All salary payments are made by BACS.

Variations to remuneration are authorised as follows:

- **Contractual amendments/ variations** – authorised by either the CEO, CFO, FC or the Academy Headteacher
- **Additional hours (must have had prior approval from the Academy Headteacher)** - authorised by the line manager in the first instance, and one of the following: Academy Headteacher or the FC
- **Supply staffing** – authorised by the Academy Headteacher and FC

All authorised variations are passed to payroll for processing and to the trust HR Administrator. A specimen signature record is held by the FC.

After the payroll has been processed but before payments are dispatched a proposed payments listing is received from Xentrall and the finance team will review and give approval for payments to be made. They will verify that all leavers, starters and significant variations have been correctly processed and will carry out an overall review to test for reasonableness (defined as being within 5% of total gross salary budget) and raise any queries with Xentrall before payments are generated.

An email will be sent from the relevant finance team confirming the payroll can be processed.

Xentrall will process a BACS payment in line with the processes outlined in this manual:

Xentrall will process BACS payments for all statutory and other third party deductions by the required date.

After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The finance team will review the payroll control account each month to ensure the correct amount has been posted.

At least on an annual basis, the CFO must check a sample from the payroll system to confirm it is in line with the contracts of employment held on the personnel file.

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 CEO in conjunction with the Chair of the Board of Trustees may approve non-contractual payments up to £50,000.

Non-contractual payments over £50,000 require approval in advance from ESFA.

6. Purchasing

The trust wants to achieve the best value and service for money from all its purchases. This means it wants to get what it needs in terms of the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and it needs to maintain the integrity of these funds by following the general principles of:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the trust
- **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.

Where goods and services are being produced under a DfE or Crown Procurement Service framework, direct awards, without the requirement for multiple quotes or tender can be made out with of the ALT procurement policy where a public sector framework states that a direct award is applicable. Prior approval by the ALT Board will be obtained where a direct award is being considered.

Supplier master file

The supplier master file on PS Financials will be controlled and managed by the FC and reviewed by the CFO.

Changes to suppliers, including bank account details are carefully controlled, as the trust is aware that this is an area that is vulnerable to fraud. Supplier details will not be amended until the changes have been verified as being valid by the FC.

Each new or amended supplier bank account/ payment details will be documented, illustrating the evidence received. The finance team will update PS Financials with the details, and this will be checked by the FC who will also sign the initial documentation as evidence of this review.

At least once every year, the CFO should review all core supplier contracts to ensure they are fit for purpose.

At least termly, the CFO should review a sample of purchase invoices to ensure they are appropriate and spend is being properly monitored and review and call into question anything needing clarity or purpose.

Purchasing Procedures - Orders

Routine purchasing will be controlled through a formal system of ordering. A fixed price or quotation must always be obtained before any order is placed, unless from a timing/ urgency perspective it proves impractical.

All **purchase requisitions** must be recorded on a requisition form, those up to £1,000 must be approved

by the budget holder.

Requests £1,001 to £10,000 should be additionally approved as follows:

- ALT Expenditure - CEO/ CFO
- NTH Expenditure – CEO/ CFO
- RCH Expenditure – Academy Headteacher or CFO
- STK Expenditure – Academy Headteacher or CFO

Requests over £10,001 must be approved by the Academy Headteacher and CEO or CFO.

Authorised requisitions must be passed to the finance team who will check that the requisition is correctly approved and will raise an official Purchase Order on PS Financials.

All Purchase Orders are then electronically approved on the Finance System as follows:

- £0 - £1,000 (non-premises) authorised by CFO or FC
- £1,001 - £10,000 authorised by Academy Headteacher or CFO (excl. Northallerton)
- All premises orders £0 - £1,000 by officer i.c. premises/ CFO/ FC
- Orders between £10,001 and £20,000 by CEO
- Orders above £20,001 by CEO (electronically) and CFO (signed)

In the event of annual leave or unforeseen absence the approving authority may vest in the CEO or CFO.

Physical orders are only placed once all appropriate authorisations have been obtained.

The requisitioner must make appropriate arrangements for the delivery of goods to the trust. On receipt the budget holder must undertake a detailed check of the goods received against the goods received note (GRN), where available, and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay. GRNs will be forwarded to the finance team and entered onto PS Financials.

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

All invoices received will be matched against the order and the GRN (where available) and the quantity and value of goods will be checked. The GRN and the copy order will be attached to the invoice.

The finance team will then enter the invoice onto PS Financials and stamp invoices with a grid against which the following can be evidenced:

- Date entered (can be found on PS Financials)
- Order Number
- System reference number
- Expenditure nominal code

- Payment date (can be found on PS Financials)
- VAT code

Payment runs are generated on a regular basis, based upon supplier terms and invoice due dates unless payments need to be made due sooner due to special circumstances e.g. school holidays. The finance team will generate a PS Financials payment run and the report will be printed, checked and verified by FC. The FC will sign to evidence this review. Payments will then be generated, either through BACS or cheque. The BACS run information is uploaded to the Lloyds Commercial Banking website, approved by any two designated authorities.

(Non-Order) Purchasing for Contracted Services and Periodical Payments

There are certain services, which for practical purpose cannot be ordered and processed in the above manner. Nevertheless, they are still subject to the same internal financial control and approval processes.

Examples of such services are insurance, exam fees and utilities. In the case of these services the terms of the service are negotiated with a supplier and the payment is made against an invoice for which the contract itself forms the basis for agreeing and authorising the invoice.

These invoices are verified against the contracted arrangements and approved by the appropriate signatories.

Procurement controlled by a contract, such as JCT Building Contractors, the purchase will be made in line with competitive purchasing procedures and invoices will be verified against the contractual agreement.

Emergency Purchases

From time to time budget holders may need to make purchases to cover for an emergency situation. In such cases a confirmatory order should be raised to ensure that documentary evidence is in place to cover the payment.

Competitive Purchasing Requirements

(All financial values quoted are net of VAT and apply to the total value over the life of the contract.) In all cases the following applies:

- **Spend under £10,000**

Value for money should always be considered but no formal competitive quotes are required for spend under £10,000. Established national framework arrangements will be used wherever appropriate, and firm prices must be obtained before a commitment to purchase is made.

- **Spend over £10,000 but less than £50,000**

At least two written quotations should be obtained for all orders between £10,000 and £50,000 to identify the best source of the goods/ services. Written details of quotations obtained should be prepared and retained by the finance team for audit purposes.

– **Spend over £50,000**

All goods/ services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Purchases over £189,330 (threshold fixed from Jan 2020) may fall under EU procurement rules which require advertising in the Official Journal of the European Union.

Legal Advice

Legal advice will normally be sought before proceeding with a contract of any significant value. The trust will consider whether this is necessary and in proportion to the total value/ risks attached to the contract. In all contract cases, the minimum requirement is that the contract and associated detailed terms and conditions must be reviewed by the CFO, to ensure they are fit for purpose.

Specialist Advisor

Where a specialist advisor, e.g. architect, project manager, is appointed to act as an agent on behalf of the trust, the Board of Trustees may delegate the procurement process (including invitation to tender and receipt of documents) where assurance of open and transparent procurement principles has been gained in advance regarding the processes involved by the outside agency. Where a tendering process is outsourced (for example, to architects as part of a large capital project), the third party's own procedures should be followed and evidenced.

A report would be presented to the RPE committee by the advisor with a recommendation for the award of the tender, including the scoring process and details of all other submissions. The final decision will be made by the committee in line with all other contracts exceeding £50,000.

Non-competitive purchases (applies to purchases under EU threshold only)

Instances of purchases that do not comply with the competitive purchasing requirements, for reasons such as sole supplier, specialist services etc. will require approval by the RPE Committee.

Forms of Tenders

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:** The budget holder must discuss and agree with the CFO how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to transparent competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the trust's requirements
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen

suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders
- only one or very few suppliers are available
- extreme urgency exists
- additional deliveries by the existing supplier are justified

Preparation for Tender

Full consideration should be given to:

- objective of project
- overall requirements and return on investment
- technical skills required
- after sales service requirements and SLAs
- form of contract

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. The trust would normally invite at least 3 tenders.

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 including timelines where appropriate
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response

Aspects to Consider with the Tender

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?
- The return on investment criteria/ objective has been or will be satisfied, where such a return can be clearly specified and reported against

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/ testimonies 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. as well as seek appropriate guarantees if needed.
- Can the supplier tendering fulfil the service/ contract to the required timelines

Tender Acceptance Procedures

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

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- For contracts over £50,000 - either the CFO, the Academy Headteacher, CEO or a member of the RPE Committee.

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

Tendering Procedures

The award of the tender must be approved by the RPE Committee.

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

The accepted tender should be the one that represents best value for money to the trust. All parties should then be informed of the decision.

7. Income

The main sources of income for the academies are the grants from the ESFA. The receipt of these sums is monitored directly by the CFO who is responsible for ensuring that all grants due to the trust are collected, including those related to being a Sponsor.

The trust may also obtain income from:

- students, for trips, visits and miscellaneous sales
- the public, mainly for lettings, music lessons
- canteen service
- donations

Trips

A lead teacher must be appointed for every trip. The finance team will take responsibility for the collection of sums due. The finance team must prepare a record for every student intending to go on the trip showing the amount due. Parent pay is the preferred method of receiving payments. Cash or cheque payments are accepted and records of all payments are made by the finance team.

A reconciliation of the trip income and expenditure should be effected each month.

Lettings

Bookings for lettings are controlled in accordance with each academy's agreed policy. Details of organisations using the facilities should be sent to the finance team staff who will establish a sales ledger account in PS Financials and produce a sales invoice. The finance teams will ensure outstanding debts do not accrue and no further use is made of the facilities unless payment has been made. An exception to this procedure will apply in the case of Richmond School where Addendum A will operate.

Catering (provided in-house)

Catering income is collected by Parentpay or cash and cheque. Cash takings will be counted and reconciled daily and passed to the finance team for banking. Cash will be kept in the finance office safe until banked.

A report showing income collected by Parentpay will be prepared and reconciled with the payments received from Parentpay and entered onto the finance system.

A catering set of 'subsidiary' accounts will be prepared termly by the FC reviewed by the CFO and will show the catering service's performance. The overall objective being to ensure that its contribution is self-sufficient. Where the service runs in deficit this matter must be drawn to the attention of the RPEcommittee and remedial action discussed.

This process should also include a reconciliation of bank and deferred income from parent funding.

An exception to this procedure will apply in the case of Richmond School where a termly statement is produced by the catering provider with surplus income paid to the school and invoices issued for the

catering provision.

Bad Debts

The trust will make appropriate efforts to collect any outstanding debts, and will consider legal action where it would be economically efficient. No debts should be written off without the express approval of the CFO, with the exception of pupil/ parent related debts up to the value of £200, which may be written off at the discretion of the Academy Headteacher with the reasons for write-off clearly documented. (The ESFA's prior approval is also required if debts to be written off are above the value set out in the Academies Financial Handbook, paragraph 3.62.)

Custody

All cash and cheques must be kept in a secure safe prior to banking.

Cash is collected fortnightly by G4S (Stokesley) or banked by the relevant finance team at a branch.

Cash held should never exceed the cash insurance limit of £5,000.

Cash

Monies collected must be banked in the appropriate bank account. The finance team in each academy is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the FC.

8. Cash Management

All Cash must be managed in accordance with the Treasury Management Policy and Reserves Policy.

Bank Accounts

Deposits

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

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

Payments and withdrawals

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

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Trustees. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

On-Line Banking

Access to the trust's bank accounts is available through Lloyds 'Lloyds Commercial Banking' software.

Appropriate access rights to the Lloyds Commercial Banking system are determined by the CEO.

Access is controlled by user ID and password security administered by Lloyds.

On-Line Payments

Payments by bank transfer, BACS, Faster Payments or CHAPs can be generated through Lloyds Commercial Banking service. All payments require authorisation by any two designated authorities. Authorisation access is controlled by smartcards and passwords. The finance team can generate payment files subject to subsequent authorisation.

Bank Signatories

Lloyds Commercial Banking authorisers

- CEO
- Chief Finance Officer (CFO)
- Academy Headteacher
- Financial Controller (FC)
- Finance Teams

All online payments need approval from two of the above.

Cheque signatories

- CEO
- Academy Headteacher
- Financial Controller (FC)
- Finance Teams

All cheques need approval from two of the above, only one of whom will be a finance representative.

Administration

The FC must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the trust's cash book and supporting documents as required
- reconciliations are prepared by the finance team
- reconciliations are reviewed and signed by the Academy Headteacher or FC/ CFO
- adjustments arising are dealt with promptly

Petty Cash Accounts

The trust operates a petty cash Imprest system.

In each academy there is a limited number of petty cash floats in operation.

Each float is administered by the appropriate employee and is kept securely in each department. All receipts supporting payments from petty cash are submitted to the finance team to enable the appropriate nominal code to be charged. The petty cash is reconciled monthly. Each request for petty

cash must be approved by the relevant budget holder and signed, upon receipt of the funds, by the person receiving the cash.

All floats are spot-checked termly by the FC.

Petty Cash Policy is attached in appendix.

Credit Cards

The FC will maintain a register of authorised credit card holders, and limits. The cards are only to be used when it is the most efficient and appropriate method of payment for official academy purchases, i.e. online transactions, travelling etc. and only after receipt of the relevant approval. Supporting documentation must be held for all transactions. Each credit card statement must be promptly reconciled against the supporting documents.

Cash Flow Forecasts

The FC is responsible for preparing cash flow forecasts to ensure that the trust has sufficient funds available to pay for day-to-day operations. These should be discussed with the CFO and if significant balances can be foreseen, he/ she will make recommendations with regard to steps to be taken to invest the extra funds in accordance with the Treasury Management Policy and Reserves Policy.

Investments

Investments must be made only in accordance with the Treasury Management Policy and Reserves Policy approved by the Board of Trustees, through the RPE Committee.

9. Fixed Assets

To be operated in accordance with the Assets Policy

Asset register

All items purchased with a value over the capitalisation threshold as denoted in the Assets Policy, must be entered in an asset register.

The following minimum capitalisation thresholds for capitalising fixed assets are:

- Land, Buildings and improvements £1,000
- Machinery/ equipment/ vehicles/ ICT £500

The asset register should include the following information:

- asset description
- serial number if available
- date of acquisition
- asset cost
- expected useful economic life
- depreciation
- current book value

- location

The Asset Register 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
- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts and the trust's financial system
- support insurance claims in the event of fire, theft, vandalism or other disasters

Inventory of assets

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

The finance team and ICT manager (or designated officer) maintain an inventory of all assets over £500, in each of the trusts academies.

The Inventory should be kept up to date and reviewed regularly. Where items are used by the trust but do not belong to it this should be noted.

All the items in the asset register and the inventory of assets should be permanently marked as trust property and there should be a regular (at least annual) count of a random sample of assets by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board of Trustees.

Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Academy Headteacher and, where significant, should be sold following competitive tender.

Disposal of equipment to staff is not allowed, 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 programs have been legally transferred to a new owner.

All disposals of land and buildings must be agreed in advance with the Secretary of State.

Loan of Assets

Items of trust property must not be removed from trust premises without the authority of the Academy Headteacher. A record of the loan must be recorded and kept by the finance team or delegated responsible officer in the trust's individual academies and booked back in when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation

may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the trust's auditors.

----- End of Regulations Manual -----

Policy Author: COO, Arété Learning Trust
Monitored by: Mr. A. Watt
Next Review: As required