



FINANCIAL REGULATIONS

Responsible:	Business and Finance Committee
Approved by:	Board of Directors
Date:	September 2020
Review date:	August 2021

Associated documentation	
Academies Financial Handbook	2020
Academies Accounts Direction	2019-20

This document sets out the regulations for Peterborough Diocese Education Trust.

Contents

1.	Introduction	6
2.	Corporate Governance.....	6
2.1	The Board of Directors	6
2.2	Accounting Officer.....	7
2.3	Committee Structure	7
2.4	Audit and Risk Committee	7
3.	Financial Planning.....	7
3.1	The budget cycle	7
3.2	Budget	8
3.3	Other Government Funding	9
3.4	Virements	9
3.5	Revised Budget.....	9
3.6	Budget Forecast Return.....	10
3.7	Monitoring and review (including management accounts).....	10
4.	Independent checking procedures.....	10
4.1	Review of regularity	10
5.	Annual accounts	10
6.	Audit arrangements	11
6.1	External Audit.....	11
6.2	Internal Audit.....	11
6.3	Work undertaken during accounting period	11
6.4	Work undertaken for the year end	12
6.5	Fraud and Corruption.....	12
7.	Treasury Management	12
7.1	Investment Policy	12
7.2	Appointment of Bankers and Other Professional Advisers.....	13
7.3	Banking Arrangements.....	13
8.	Accounts Return	13
9.	Document retention	13
10.	Accounting system.....	13
10.1	System Access.....	14
10.2	Back-up Procedures.....	14
10.3	Transaction processing.....	14

11.	Cash Management.....	15
11.1	Bank Accounts	15
11.2	Deposits	15
11.3	Administration.....	15
11.4	Petty Cash	16
11.5	Payments	16
11.6	Administration.....	16
11.7	E-procurement & Payments.....	16
11.8	BACS Payments.....	17
12.	Investments.....	17
13.	Reserves.....	17
14.	Capital Reserves	18
15.	Payroll	18
15.1	Staff Appointments	18
15.2	Payroll Administration.....	18
15.3	Payments	19
15.4	Salary advances	19
15.5	Overtime	19
15.6	Severance payments	19
16.	Income	20
16.1	ESFA grants.....	20
16.2	Other grants	20
16.3	Trips.....	20
16.4	Lettings.....	20
16.5	Sundry income	21
16.6	Bad Debts	21
16.7	General.....	21
17.	Purchasing	21
17.1	Routine Purchasing.....	22
17.2	E-procurement.....	22
17.3	Orders.....	22
17.4	Orders over £1,000 but less than £10,000.....	23
17.5	Orders over £10,000.....	23
17.6	Orders over £25,000.....	23

17.7	Official Journal of the European Union.....	23
17.8	Trading with related parties.....	23
17.9	Register of Interests.....	24
17.10	At Cost Requirements.....	24
17.11	Goods and services for private use.....	24
17.12	Forms of Tenders.....	24
17.13	Preparation for Tender.....	25
17.14	Invitation to Tender.....	25
17.15	Tender Acceptance Procedures.....	25
17.16	Tender Opening Procedures.....	26
17.17	Tendering Procedures.....	26
17.18	Insurance.....	26
17.19	Governors / Directors / Members Expenses.....	26
17.20	Gifts.....	27
17.21	Energy Management.....	27
18.	Fraud.....	27
19.	Whistleblowing.....	27
20.	Leasing.....	28
21.	VAT.....	28
21.1	VAT 126 form.....	28
22.	Fixed assets.....	28
22.1	Asset register.....	28
22.2	Security of assets.....	29
22.3	Disposals.....	29
22.4	Loan of Assets.....	29
23.	Other documents to note.....	30

Terminology

Audit and Risk Committee

A committee independent of executive responsibility, which advises the Board of Directors on issues related to internal audit, external audit and financial control. It is required to issue an annual report to the Board of Directors which, inter alia, comments on the Trust's system of internal control.

Board of Directors

The Board of Directors ultimately responsible for the affairs of the Trust.

Chief Executive Officer (CEO)

The person with the ultimate executive responsibility for the management of the Trust, and often termed the 'Accounting Officer'.

Director of Finance and Business Operations

The most senior finance member of staff for the Trust to whom responsibility for the Trust's detailed financial procedures is delegated. He or she has strategic financial responsibility for the Trust.

Funding Bodies

This refers to the Department for Education (DfE), and the Education & Skills Funding Agency (ESFA), which provide funding for schools and academies.

Trust

Refers to Peterborough Diocese Education Trust (PDET)

VAT

All financial value referred to in this document are inclusive of VAT.

1. Introduction

The purpose of this manual is to ensure that the Trust maintains and develops systems of financial control, which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education & Skills Funding Agency (ESFA).

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook. These regulations expand on that and provide detailed information on the Trust's accounting procedures and systems. Compliance with these financial regulations is compulsory for all staff, Directors, Members and Academy Governance Committee members. Any member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Trust's disciplinary policy. It is the responsibility of managers to ensure that their staff are made aware of the existence and content of the Trust's financial regulations.

This manual serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

2. Corporate Governance

2.1 The Board of Directors

The Board of Directors is responsible for the management and administration of the Trust. Its financial responsibilities are to:

- Ensure the solvency of the Trust and the safeguarding of the Trust's assets.
- Appoint, grade, suspend, dismiss and determine the pay and conditions of service of the CEO and other senior post-holders.
- Set a framework for pay and conditions of service of all other staff.
- Ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the Trust are appropriate and sufficient to safeguard public funds.
- Approve the appointment of external auditors and an internal audit service.
- Secure the efficient, economical and effective management of all the Trust's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the Trust is not put at risk.
- Ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution.
- Plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure.
- Approve an annual budget before the start of each financial year.
- Ensure that the Trust complies with audit guidance as specified in the Academies Financial Handbook.
- Approve the Trust's strategic plan.
- Approve the annual financial statements.

2.2 Accounting Officer

The CEO is the trust Accounting Officer and has a personal responsibility to Parliament and to the ESFA's accounting officer for financial matters under the Trust's control.

The appointment of an Accounting Officer does not remove the responsibility of Directors for the proper conduct and financial operation of the Trust.

The Accounting Officer as with all senior members of Trust staff must adhere to the 'seven principles of public life'.

The Accounting Officer must take personal responsibility (which must not be delegated) for assuring the Board of Directors that there is compliance with the funding agreement and handbook.

2.3 Committee Structure

The Board of Directors has ultimate responsibility for the Trust's finances, but delegates specific powers and process to the Business and Finance Committee. This committee is accountable to the Board of Directors.

2.4 Audit and Risk Committee

Under the Companies Act 2006, academy trusts are required to appoint an auditor to certify whether their accounts present a true and fair view of the trust's financial performance and position.

The Audit Committee should advise the Board of Directors on the adequacy and effectiveness of the Trust's assurance framework. In addition, the Audit Committee advises and supports the Board of Directors in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory regularity responsibilities.

The committee is independent, advisory and reports to the Board of Directors. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

3. Financial Planning

The Trust prepares rolling 3 year budgets

3.1 The budget cycle

The budget cycle is as follows:

Autumn term (Sept – Dec)

- Implementation of current budget plan
- Monitoring expenditure (continuous-monthly)
- Reconciliation and closure of previous academic year

Spring term (Jan – Mar)

- Monitoring expenditure (continuous-monthly)
- Reforecast
- Pre-planning for budget outturn

Summer term (Apr – Aug)

- Planning for forthcoming year
- Preparation and submission of financial budget plan 3 year
- Preparation for the annual audit

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

3.2 Budget

The Director of Finance and Business Operations is responsible for preparing and obtaining approval for the consolidated annual budget. The budget must be approved by the CEO, Business and Finance Committee and the Board of Directors.

Academy Headteachers must submit a viable 3-year budget for their academy for approval by the Director of Finance and Business Operations. Academy Headteachers are responsible for ensuring their academy is a financial going concern and to raise, at the earliest opportunity, any issues such as wanting to submit a deficit budget.

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 the strategic plan 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 General Annual Grant (GAG),
- latest estimate of other ESFA funding e.g. pupil premium, sports premium or other specific funds,
- review of other income sources available to the academy to assess likely level of receipts,
- review of past performance against budgets to promote an understanding of the Trust's costs,
- identification of potential efficiency savings,
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes,
- any unspent grants from the previous financial year of a restricted nature,

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 savings 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 – unless previously agreed as a short-term measure by the Board of Directors. 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 strategic plan.

If there is a significant (over 10%) departure from the anticipated budget this will be escalated to the Business and Finance Committee as part of the monthly management accounts procedure.

The approved budget is then entered onto the finance system by the start of the new academic year.

3.3 Other Government Funding

In addition to GAG funding from ESFA the Trust may be awarded specific funding for other projects e.g. School Condition Allocation, Devolved Formula Capital or TCaF. This funding may be from the Department for Education, Education Skills and Funding Agency, Other Governmental Department or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.

The Director of Finance and Business Operations is responsible for recording income and expenditure for each grant, ensuring it is reported to the Business and Finance Committee at least termly.

3.4 Virements

Budgetary virements shall be approved by the Director of Finance and Business Operations and should be within the agreed criteria and financial limits, up to £100,000.

All virements exceeding £100,000 shall require prior approval from the Business and Finance Committee.

3.5 Revised Budget

Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Management Accountant and reports in the form of the Management Accounts presented to the Director of Finance and Business Operations.

The Chairs of the Board and Business and Finance Committee will receive a copy of the approved management accounts each month. The reports will include, but not be limited to, a summary of income and expenditures, a balance sheet and cash flow statement.

Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Business and Finance Committee and / or where significant staff changes have occurred in-year, then a 'Reforecast' should be prepared and approved by the Board of Directors.

This revised forecast should then form the basis of analysis of all income and expenditure until the financial year end. The Trust completes a reforecast each January using IMP, a trusted MAT budget software provider.

3.6 Budget Forecast Return

The approved budget must be submitted to ESFA each year by the Director of Finance and Business Operations in accordance with the ESFA's requirements and timescales. The budget process and associated deadlines will be communicated to PDET academies who have the delegated responsibility of submitting individual academies budgets for approval.

3.7 Monitoring and review (including management accounts)

Monthly reports are to be prepared by the Management Accountant. The reports are to include:

- actual income and expenditure against budget
- balance sheet
- cash flow forecast
- management report

Any potential overspend against the budget must in the first instance be discussed between the Management Accountant and the Director of Finance and Business Operations.

4. Independent checking procedures

4.1 Review of regularity

The CEO (in their role as Accounting Officer) reviews the following documents monthly to ensure the academy trust is working within the boundaries of regularity and propriety:

- Management accounts,
- Compliance against the Financial Scheme of Delegation,
- Transactions for evidence of connected party transactions.

The Accounting Officer has delegated the following responsibilities to the Director of Finance and Business Operations:

- adherence to tendering policies,
- review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook,
- value for money practice.

5. Annual accounts

The academy trust must prepare annual audited financial statements for the accounting period to 31 August.

The accounts are prepared with the Trust's external auditors.

Following approval of the annual accounts by the Board of Directors and external auditors, the accounts are then to be submitted to the relevant bodies and made

available to the public in accordance to funding body and company laws regulations in place at that time.

6. Audit arrangements

6.1 External Audit

External auditors must be appointed in accordance with the Academies Financial Handbook. The appointment of external auditors for the Trust financial statements will take place annually and is the responsibility of the Board of Directors who will be advised by the Audit and Risk Committee.

The primary role of this external audit is to report on the Trust's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

Their duties will be in accordance with advice set out in the Academies Financial Handbook.

6.2 Internal Audit

To help provide the Audit and Risk Committee with the evidence of the adequacy and effectiveness of the Trust's assurance framework, the Trust uses the services of an independent internal audit service provider (the "internal auditor").

The internal auditor is appointed by the Board of Directors on the recommendation of the Audit and Risk Committee.

The main responsibility of internal audit is to provide the Board of Directors, the CEO and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Board of Directors, CEO and chair of the Audit and Risk Committee.

The Director of Finance and Business Operations is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

6.3 Work undertaken during accounting period

The Head of Finance is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:

- reviewing the structure of the trial balance,
- maintaining a fixed asset register,
- monthly depreciation charges,
- maintaining income and expenditure records (including filing of invoices),
- reviewing aged debtors for any provisions required,
- maintaining a record of Directors interests, related and connected party transactions,

- control account reconciliations (bank, wages, debtors, creditors),
- Monitoring & reporting to the Director of Finance and Business Operations

6.4 Work undertaken for the year end

The Head of Finance is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- general prepayments and accruals,
- prepayments or accruals for grant income,
- control account reconciliations (bank, wages, debtors, creditors),
- close down of the purchase ledgers,
- close down of the sales ledgers and aged debtors,
- pension valuations,
- pension audit,
- audit prepared pack.

6.5 Fraud and Corruption

It is the duty of all members of staff, management, Directors and Members to notify the Director of Finance and Business Operations immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

He or she will notify the CEO and Audit and Risk Committee (through its chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report.

Any significant cases of fraud or irregularity shall be reported to the funding body in accordance with their requirements as set out in the Academies Financial Handbook.

The Audit and Risk Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate.

The internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit and Risk Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Director of Finance and Business Operations and / or the CEO, the member of staff shall notify the chair of the Audit and Risk Committee direct of their concerns regarding irregularities and / or the Chair of the Board of Directors.

7. Treasury Management

7.1 Investment Policy

Academy trusts are not allowed to enter into any borrowing arrangements unless authorised by the Secretary of State in advance.

The Board of Directors is responsible for approving an investment policy statement, setting out a strategy and policies for cash management to further the Trust's charitable aims.

The policy must ensure that investment risk is properly managed, ensuring care and risk in investment decisions – taking advice as appropriate from a professional adviser.

The Board of Directors approve the Investment Policy on the recommendation of the Business and Finance Committee. The Business and Finance Committee must review the Trust's investments and investment policy every two years.

The Board of Directors should follow the Charity Commission's guidance: 'CC14 Charities and investment matters: A guide for Directors'.

7.2 Appointment of Bankers and Other Professional Advisers

The Board of Directors is responsible for the appointment of the Trust's bankers and other professional financial advisers (such as investment managers). The appointment shall be for a specified period of time after which, consideration shall be given by the Board of Directors to competitively tendering the service.

7.3 Banking Arrangements

The Director of Finance and Business Operations, on behalf of the Board of Directors, is responsible for liaising with the Trust's bankers in relation to Trust bank accounts.

Only the Director of Finance and Business Operations, together with other appointed signatories as agreed by the Board of Directors may open or close a bank account for dealing with the Trust's funds.

8. Accounts Return

The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA in accordance with the timescales in place each year.

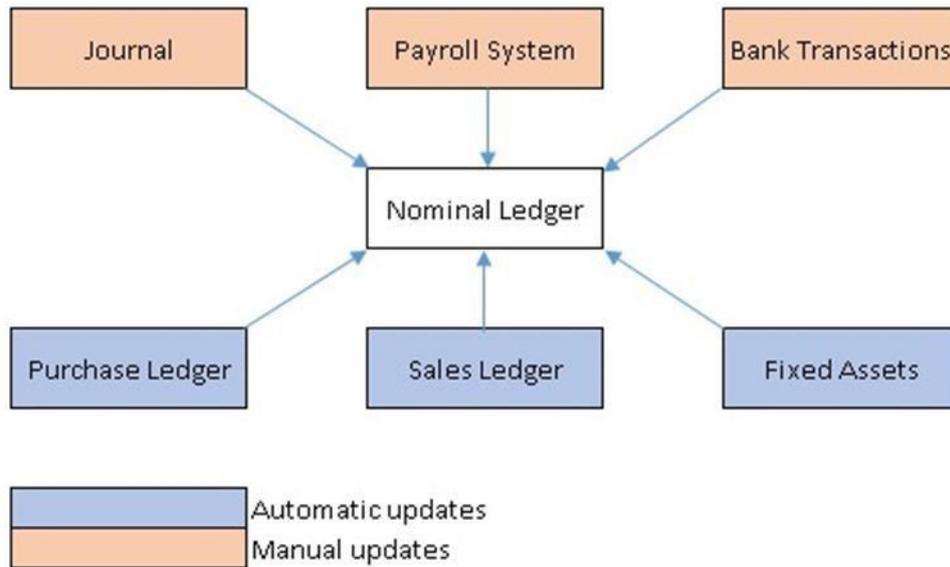
The accounts return is prepared by the Trust's external auditors.

9. Document retention

Documents are retained by the Trust in line with the requirements of the General Data Protection Regulations (GDPR) and have a Privacy Statement which sets this out in more detail.

10. Accounting system

All the financial transactions of the academy trust must be recorded into PS Financials, the computerised financial information accounting system. This system is managed by the central finance team:



10.1 System Access

Access to the system is password restricted to and access controlled by the Head of Finance. Each academy may have a number of users with access to specific locations within the financial system who are responsible for locally managing their password security.

10.2 Back-up Procedures

PS Financials employ a remote desktop operation for their customer to access financial information. If the main server was compromised the data centre back-up servers would engage.

10.3 Transaction processing

- All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
- All journal entries must be entered to PS Financials with detailed comments.
- Any journals exceeding £10,000 must also be approved by the Head of Finance.
- Bank transactions are input by both the central finance team and academy SBMs. It is the responsibility of SBM's to ensure their bank accounts are reconciled at least monthly. Digital bank statements will be loaded to PS Financials by the central finance team before the end of each month.

Bank transactions are input by both the central finance team and academy SBMs. It is the responsibility of SBM's to ensure their bank accounts are reconciled at least monthly. Digital bank statements will be loaded to PS Financials by the central finance team before the end of each month.

The Head of Finance is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account,
- purchase ledger control account,

- payroll control accounts,
- VAT control account,
- all suspense accounts,
- bank balance per the nominal ledger to the bank statement,
- fixed asset register and accounts,
- other creditor accounts,
- other debtor accounts

Academy SBM's must submit the monthly checklist in accordance with the Trust's timetabled submission dates and provide the Head of Finance with all required information, in the format prescribed.

Any unusual or long outstanding reconciling items must be escalated to the Director of Finance and Business Operations and dealt with in a timely manner.

11. Cash Management

11.1 Bank Accounts

The following procedures must be followed when opening a bank account and operating it:

- the Trust is responsible for selecting the banking institution and negotiating the terms and conditions,
- the Business and Finance Committee, through its delegated authority, must authorise the opening of all bank accounts,
- the Director of Finance and Business Operations will ensure that in the event of changes to key personnel or Directors, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed,
- terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted,
- the trust must inform the bank, in writing, that their accounts must not become overdrawn,
- the trust must ensure there are sufficient funds to cover large payments.

11.2 Deposits

A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:

- the amount of the deposit,
- a reference (for example the number of the receipt or the name of the debtor),
- Academy SBMs are responsible for updating the accounting system (within 2 working days) for deposits placed.

11.3 Administration

The central finance team 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,
- reconciliations are prepared regularly (at least monthly),
- reconciliations are subject to an independent monthly review carried out by the Head of Finance,
- adjustments arising are dealt with promptly.

11.4 Petty Cash

The Trust maintains a maximum cash balance of up to £250 per academy for exceptional circumstances such as requiring a float for 'charity days'. It is the responsibility of the SBM to maintain adequate records of petty cash and provide documentation when required.

The petty cash float must not be used for:

- cashing personal cheques
- paying staff loans
- paying staff expenses
- general purchases

11.5 Payments

In the interests of security, petty cash payments are limited to £50. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation procedures as purchases from the main bank account.

11.6 Administration

- The petty cash float is maintained on the imprest system and the float is only reimbursed from each academy bank account.
- The petty cash float is reconciled monthly by the SBM.
- The Head of Finance carries out spot checks of academy petty cash floats once a term.

11.7 E-procurement & Payments

- The school purchasing cards are used only when it is not practical to use the purchase order system. It is used mostly for internet purchases. The Trust has set a limit of £800 per academy, irrespective of how many purchasing cards an academy has in issue.
- The cards must be kept in the safe or on the holder's person and should be kept separately from the PIN number.
- Any staff member wishing to make a purchase using the purchasing card must complete an order form, which must be signed by the academy Headteacher and pass this to the SBM to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder (Headteacher).
- The SBM's are responsible for collecting and submitting receipts evidencing the spend on each card each month.
- When the purchasing card bill arrives there will be a signed order form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A cash book journal is keyed for each entry on the statement.

- The purchasing card bill, along with all the relevant order forms are then given to the Headteacher who will check the statement and sign an authorisation sheet.

11.8 BACS Payments

On receipt of an invoice, the SBM digitally approves the invoice, to signify:

- an official purchase order has been raised for the purchase,
- the delivery note has been checked,
- the delivery is of correct quantity, quality and price,
- it has not been previously paid,
- funds are available in the relevant budget,
- VAT chargeability on qualifying expenditure is shown.

BACS payments are processed within 30 days of receipt, although every effort is made to ensure the school benefits from early payment discounts and complies with the Public Sector Prompt Payment Policy.

The SBM must ensure that evidence is kept of the employment status when dealing with payments to individuals in order to comply with IR35 regulations. Where there is any doubt the matter should raise it to the Director of Finance and Business Operations to ensure that regulations are correctly followed.

12. Investments

- Investments are made in accordance with written procedures approved by the Board of Directors.
- All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.
- Care should be taken to ensure that investments do not cause any cash flow issues for the Trust.

13. Reserves

- Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
- The CEO as Accounting Officer must inform ESFA immediately if an overall deficit is anticipated.
- If the Trust is anticipating an overall deficit at the end of any academic year, the Board of Directors, CEO and Director of Finance and Business Operations have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Board of Directors must ensure that a recovery plan is submitted and approved by the ESFA. To be clear, this does not mean any in-year deficit but instead applies if the overall Trust reserves are set to be in deficit.
- Any surpluses or deficits recorded are pooled at the end of each academic year, inclusive of all reserves (restricted, unrestricted and capital)

- Where appropriate the Trust will allocate eligible expenditure incurred to funding types irrespective of an individual academy's finances. For example, if Academy A has not used all of its in-year allocation of restricted funding and Academy B has used all theirs but also has further eligible expenditures the Trust can use the underspend in Academy A and allocate it to Academy B.

14. Capital Reserves

- Any overall surpluses at the end of the year are carried over to the following year.
- It is the responsibility of Director of Finance and Business Operations to keep accurate records of the capital funds, especially where grants have been received for capital projects.
- The Trust can pool capital reserves and allocate eligible expenditures across the Trust irrespective of academy allocations.

15. Payroll

15.1 Staff Appointments

- The Board of Directors has approved a personnel plan for the Trust based on the approved budget three-year plan submitted to the ESFA.
- The CEO has authority to appoint staff within the authorised establishment subject to the Trust's Scheme of Delegation governing senior staff appointments. The HR manager maintains personnel files for all members of central staff which include contracts of employment. SBM's maintain personnel files for academy staff members. All personnel changes must be documented in the Trust's HR and Payroll system.
- The central HR team is responsible for obtaining the relevant DBS checks and ensuring these are retained on file.

15.2 Payroll Administration

Payroll is administered through the Trusts approved payroll provider, Access. All staff are paid monthly through the payroll provider. A master file is created for each employee which records:

- salary
- bank account details
- taxation status
- personal details
- any deductions or allowances payable
- other legal and relevant details

New master files can only be created by the HR / Payroll department with the express approval of the HR Manager. Any master file amendments made by the HR / Payroll department must be printed out each month prior to the payroll run and must be authorised by HR Manager. Any master file amendments made by HR Manager must be authorised by the CEO.

Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee using self-service functionality. In turn this is authorised by the budget holder, inputted to the system by the SBM and released by the HR

Manager. Additional hours, temporary work or overtime should not be undertaken without prior approval of the Headteacher.

The usual cut-off for the receipt of timesheets etc is subject to the actual payroll date which changes on a monthly basis, but at the latest is the 10th of the month.

15.3 Payments

- Before payments are dispatched a printout of all data should be obtained, including an exceptions report and this should be checked against source documentation by the SBM and then reviewed and signed by the academy Headteacher. The HR Manager must sign the payroll approval form and send it to the Head of Finance to release payments.
- All salary payments are made by BACS.
- The SBM is responsible for preparing a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc.
- The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.
- After the payroll has been processed the payroll files are sent to the central finance team who manually post them into the finance system. Postings will be made both to the payroll control account and to individual cost centres. The Head of Finance should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.
- The central finance team prepares a journal to recharge each academy for the gross payroll costs and recovers cash on behalf of PDET academies. Each SBM must ensure that enough cash remains in the academy current account to ensure their bank account does not get into an overdraft position.
- The Head of Finance prepares a payroll reconciliation for the Director of Finance and Business Operations.

15.4 Salary advances

Salary advances are only awarded where there has been an issue or error in the payroll calculations. Salary advances are not awarded by the Trust for any other reason.

15.5 Overtime

Claims made through the online system must not be submitted prior to work having been undertaken.

No payments for work undertaken will be made other than via the payroll system.

15.6 Severance payments

The academy trust is able to self-approve the non-contractual element of severance payments up to £50,000, but remain subject to the special payments conditions contained in the Academies Financial Handbook and any changes therein. All severance payments must be made in line with the Academies Financial Handbook.

Where the non-contractual element is on or over £50,000 prior approval from ESFA must be sought.

The Accounting Officer must sign off each severance payment.

16. Income

16.1 ESFA grants

The main sources of income for the academy are the grants from the ESFA. The receipt of these sums is monitored directly by the Director of Finance and Business Operations who is responsible for ensuring that all grants due to academies are collected.

16.2 Other grants

The receipt of these sums is monitored directly by the Director of Finance and Business Operations who is responsible for ensuring that all grants due to academies are collected.

16.3 Trips

- A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. Records must be passed to the SBM as evidence, where the SBM is not the 'trip leader'.
- As far as possible, all payments should be made by parents / legal guardians using the academies online payment system.
- Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Headteacher in advance of the booking being made.
- Headteachers are responsible for ensuring monies are collected in advance of the trip commencement to ensure the likelihood of debts arising are minimised. The Headteacher may delegate this responsibility to another member of staff.

16.4 Lettings

- The Headteacher is responsible for ensuring records of bookings are maintained and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities. This responsibility may be delegated to academy staff.
- Details of organisations using facilities will be held by the academy who will establish a sales ledger account and produce a sales invoice from PS Financials or alternative online payment system approved by the Director of Finance and Business Operations.
- Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Hire Agreements and must be reviewed at least annually by the academy.

16.5 Sundry income

Income from other sources (for example educational consultancy) is priced in consultation with the Director of Finance and Business Operations and must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay.

Income from sources such as a parents group will be processed by SBM's as donations.

16.6 Bad Debts

The Trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone, email or letter as documented in the Trust's Debt Recovery Policy.

If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the SBM must discuss each matter with the Director of Finance and Business Operations who can advise on the process to write-off debt.

The limits to be applied are as follows:

- Up to £10,000 – Director of Finance and Business Operations
- Up to £25,000 – CEO
- Over £25,000 – Business and Finance Committee
- Over £45,000 or 1% of PDETs total income (whichever is lower) – ESFA

All bad debt write-offs will be recorded on the Register of Bad debts, maintained by the Director of Finance and Business Operations, which is reviewed by the Business and Finance Committee termly.

16.7 General

- All monies received from whatever source must be recorded on a daily basis together with the form in which they were received, for example cash or cheque.
- All monies received must be banked promptly. The custody and transit of all monies
- must comply with the requirements of the Trust's insurers
- All sums must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenditure. Personal or other cheques must not be cashed out of the money received on behalf of the Trust.
- The Trust maintains an aspiration to be 'cashless'.

17. Purchasing

PDET must achieve value for money on all purchases. A large proportion of purchases are paid for with public funds and the Trust needs to maintain the integrity of these funds by following the general principles of:

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

The Trusts Procurement and Competitive Tendering Policy provides detailed procurement procedures.

17.1 Routine Purchasing

- Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month automatically from PS Financials.
- Routine purchases up to £1,000 can be ordered by budget holders. A quote or price must always be obtained before any order is placed. Copies of all quotes must be attached to the requisition.
- When looking at procurement values contract aggregation over 3 years should be used. This means the estimated value of the contract over a 3 year period is the value that decisions should be based on.

17.2 E-procurement

Any academy wishing to make a purchase using the purchasing card must complete an official order form in the usual manner and pass this to the SBM to approve before the purchase can be made. All order forms detailing the purchase must be signed by the Budget Holder.

17.3 Orders

All orders must be made online using the finance system (except for some 'allowable exceptions' as noted in the Procurement and Competitive Tendering Policy). Orders must be electronically approved in line with the below table. The system will automatically check to see if there is sufficient budget available.

- Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure.
- Orders will be dispatched to the supplier via email once final approval is made.
- The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the requisitioner must undertake a detailed check of the goods received against the goods received note (GRN) 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. If there is a material discrepancy, the goods should be rejected where practical to do so.
- All invoices should be processed by the SBM immediately upon receipt which will send an automated approval link to the budget holder for authorisation.
- The recipient must make a detailed check against the order and the GRN and where possible, the GRN should be attached. Recipients must undertake

these checks without undue delay and in any case within 3 days of invoice receipt.

- Payments runs are carried out each week by the central finance team. SBMs are responsible for ensuring all invoices have been processed and approved so that the Public sector principles of prompt payment is upheld.
- The payment runs will be entered by members of the central finance team and released through the bank.
- SBMs are responsible for checking bank details to those held on PS Financials investigating any differences. In order to maintain adequate segregation of duties only the central finance team can update / modify existing supplier details or add new suppliers.

17.4 Orders over £1,000 but less than £10,000

At least three written quotations should be obtained for all orders between £1,001 and £50,000 to identify the best source of the goods / services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes, as well as being attached to the electronic requisition. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.

17.5 Orders over £10,000

All goods / services ordered with a value over £10,000, or for a series of contracts which in total exceed £10,000 must be subject to formal tendering procedures, unless approved through other frameworks such as trusted partner status. Refer to the Procurement and Competitive Tendering policy for more detail.

17.6 Orders over £25,000

The award of contracts over £25,000 must be reported to the Business and Finance Committee for approval.

17.7 Official Journal of the European Union

Purchases over £189,330 for goods and service are to be dealt with in accordance with OJEU regulations. Again, aggregation of contract value should be used. A 'Light Touch Regime' with a higher threshold of £663,540 applies for some services that are specifically for education provision. The Director of Finance and Business Operations will seek legal advice to determine if any procurement run by the Trust qualifies.

17.8 Trading with related parties

- The Trust must be and must be seen to be even-handed in its relationship with related parties as set out in the Academies Financial Handbook. Directors must comply with their statutory duties and stakeholders (including senior staff) must complete the register of interests.
- The Board of Directors are responsible for ensuring that the requirements for managing related party transactions are applied across the Trust and that the Chair of the Board and Accounting Officer ensure that their capacity to control and influence does not conflict with these requirements.
- The Director of Finance and Business Operations is responsible for ensuring that the Trust keeps sufficient records and makes sufficient disclosures in the

annual accounts to show that transactions with related parties have been conducted in accordance with the principles set out in the Academies Financial Handbook.

- From 1 April 2019 the Trust must obtain prior ESFA approval for contracts for the supply of goods and services to the Trust by a related party where there is expectation that the contract value will exceed £20,000 in any one year.

17.9 Register of Interests

- All Members, Directors, local governors and senior employees must complete the register of interests.
- The register of interests must capture relevant business and pecuniary interests of members, Directors, local governors and senior employees including: directorships, partnerships and employments; Directorships and governorships at other establishments; and for each interest the name of the business, the nature of the business, the nature of the interest and the date the interest began.
- It is the responsibility of the Board of Directors to keep the register of interests up to date.

17.10 At Cost Requirements

- Any contract with a related party exceeding £2,500 should be 'at cost'. This does not include contracts of employment, though the principles of securing value for money still apply.
- For the purposes of cost, this should be the full cost of supplying the goods or services but must not include any profit.
- Full cost includes: all direct costs (the costs of any materials and labour used directly in producing the goods or services); indirect costs (a proportionate and reasonable share of fixed and variable overheads).

17.11 Goods and services for private use

No goods are ordered or services provided to include any elements of private use by governors and staff.

17.12 Forms of Tenders

There are three forms of tender procedure that the Trust should use: 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 School Business Manager or Financial Planning & Analysis Manager must discuss and agree with the College Head of Finance how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,

- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the 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.

All tenders over the OJEU threshold must be advertised and administered using an electronic tendering system.

17.13 Preparation for Tender

Full consideration should be given to:

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

It 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.

A tender brief must always be prepared and is reviewed by the College Head of Finance.

17.14 Invitation to Tender

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

An invitation to tender should include the following:

- Introduction / background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response
- dates for decision and work to be delivered

17.15 Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document is received by the Trust. Tenders are 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. It should not be possible to identify the tendering company from the outside of the envelope. Tenders received after the submission deadline are not accepted.

17.16 Tender Opening Procedures

- All tenders submitted should be opened at the same time and the tender details should be recorded. Three people should be present for the opening of tenders with one of those people should be independent - somebody that will play no further part in the tender process or delivery of the contract.
- A separate record details the names of the companies submitting tenders and the amount tendered. The record is signed and dated by all people present at the tender opening.
- The page containing the price of the tender should also be signed and dated by all present.

17.17 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
- Those involved in making a decision 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 for contracts over £100,000 a report should be prepared for the Business and Finance Committee highlighting the relevant issues and recommending a decision. For contracts between £25,000 and £100,000 the decision and criteria should be reported to the Business and Finance Committee.
- The accepted tender should be the one that is economically most advantageous to the Trust (this is not necessarily the cheapest tender). All parties are then informed of the decision.

17.18 Insurance

- The Director of Finance and Business Operations reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.
- PDET has opted in to the Department for Education's Risk Protection Arrangements (RPA).
- Budget holders must ensure all valuables are kept under lock and key when not being used in a supervised manner.
- The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. In line with the RPA membership rules, items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

17.19 Governors / Directors / Members Expenses

All Governors / Directors / Members of this academy trust are entitled to claim the actual costs, which they incur as follows:

- the cost of travel relating only to travel to meetings / training courses at a rate of 45 pence per mile

- which does not exceed the specified rates for school personnel
- travel and subsistence costs, payable at the current rates specified by HMRC associated with attending national meetings or training events, unless these costs can be claimed from the any other source
- telephone charges, photocopying, stationery, postage etc
- any other justifiable allowances

The Board of Directors acknowledges that:

- Governors / Directors / Members are not paid an attendance allowance
- Governors / Directors / Members are not reimbursed for loss of earnings

Governors / Directors / Members wishing to make claims under these arrangements, must complete a claims form. Refer to the Expenses policy for further detail. Claims will be subject to independent audit and may be investigated by the Chair of Board of Directors (or Chair of Business and Finance Committee in respect of the Chair of Board of Directors) if they appear excessive or inconsistent.

17.20 Gifts

Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 are reported to the Accounting Officer in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses.

Gifts that have been reported are entered onto the gifts and hospitality register which is maintained by the Director of Finance and Business Operations. The Gifts and Hospitality Policy provides further detail.

17.21 Energy Management

- SBMs are responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Meters should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual reading should be raised with the supplier immediately.
- All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

18. Fraud

The Trust does not tolerate fraud. Any potential or alleged instances of fraud should be reported immediately to the Director of Finance and Business Operations, who will oversee an investigation into the allegations. Where instances of fraud are found the Director of Finance and Business Operations will inform the ESFA.

19. Whistleblowing

- Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It

does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

- Normally, any concern about a workplace matter at an academy should be raised with the relevant member of staff's immediate line Manager or Headteacher. However, the Trust recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- A member of staff may, therefore, make the disclosure to the CEO or Chair of the Board of Directors
- The full procedure for whistleblowing is set out in the Trust's whistleblowing procedure

20. Leasing

- Finance leases represent borrowing and are not allowed unless prior approval is obtained from the ESFA.
- The Trust does not need to obtain ESFA approval to enter into operating leases, however the principles of value for money, regularity and propriety must be applied.

21. VAT

The Trust is VAT 126 registered. This means that VAT incurred on expenditures (input VAT) can be claimed back from HMRC but the Trust does not need to charge VAT on sales (output VAT).

21.1 VAT 126 form

The Head of Finance is responsible for completing the [VAT 126](#) online claim each month ensuring compliance with HM Revenue and Customs rules.

22. Fixed assets

The Trust must obtain approval from the ESFA before acquiring or disposing of any freehold land or buildings.

Any disposal must follow the principles of value for money, regularity and propriety.

22.1 Asset register

All items purchased with a value over the Trust's capitalisation limit of £2,000 must be entered on the fixed asset register, which is part of the PS Financials accounting software, with the following details:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from grant and % funded from other sources)
- 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
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Examples of items to include on the asset register could include:

- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment – MFDs, shredders, switchboard
- Furniture
- AV equipment – TVs, video/DVD players, OHPs, cameras, speakers
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processor
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment
- Mini buses

22.2 Security of assets

- All the items in the register are permanently and visibly marked as the Trust's property.
- Equipment is, where possible, stored securely when not in use.

22.3 Disposals

- Disposals, where applicable, are in line with the Academies Financial Handbook.
- Items which are to be disposed of by sale or destruction must be authorised for disposal by the Director of Finance and Business Operations and, where significant, should be sold following competitive tender. The academy must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £25,000 was paid.

22.4 Loan of Assets

Items of Trust property must not be removed from Trust premises without the authority of the CEO. A record of the loan must be recorded in a loan book and booked back in when it is returned.

If assets are on loan for 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 auditor.

This does not extend to equipment provided to staff that enables them to perform aspects of their role, such as ICT equipment.

23. Other documents to note

Scheme of Financial Delegation