

Financial Procedures Manual

February 2023

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01 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 and Skills Funding Agency (ESFA) and compliance with the principles of financial control outlined in the academy trust handbook. Defined financial procedures establish a standard framework which empowers staff with clear guidelines and expectations.

This manual serves as a supplement to the scheme of delegation and levels of authority providing information on the day-to-day operations and practicalities forming from it and should be read by all staff involved with our financial systems.

02 Financial planning

The trust prepares rolling 5-year budgets. It is a requirement of the ESFA that the trustees set a balanced budget for the trust, this includes any accumulated free reserves. See appendix 1 for budget cycle.

The annual budget will reflect the best estimate of the resources available for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the budgeted utilisation of resources the trust's objectives and individual academy improvement plans.

Comparison of known or estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income must be explored and expenditure headings reviewed for areas where reductions can be made through reprioritisation or deferment of projects.

The approved budget is reported against, on a monthly basis, from the start of the new financial year.

Other government funding

In addition to GAG funding from ESFA, the trust may be awarded ring-fenced government funding for other projects and purposes. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as restricted income and audited externally annually if required.

Finance managers are responsible for recording income and expenditure for each grant and providing a reconciliation within the monthly management accounts.

Other grants and specific funding

The trust may be awarded additional grants from time to time from other organisations or donors relating to specific projects. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually if required.

Finance managers are responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Revised budget

Monitoring and analysis of the agreed budget will be carried out on a monthly basis by the accounting officer, COO/CFO and head of finance with reports, comprising management accounts, balance sheet and cashflow shared with trustees. Only where significant in year variations to the agreed budget have been identified and approved by the trustees will a revised budget form the basis of income and expenditure analysis for the remainder of the financial year.

Budget forecast return

The approved multi-year budget must be submitted to the ESFA by the deadline given by the group financial controller. The group financial controller is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

Monitoring and review

Monthly reports are prepared by finance managers and group financial controller/head of finance. The reports must include:

- actual income and expenditure against budget, shown as year to date cumulatively.
- balance sheet
- cash flow forecast
- summary highlight explaining material variances of 5% or £5,000.
- income and expenditure relating to specific grants.

Any potential overspend against the budget must in the first instance be discussed with the officer with budgetary responsibility for that area with any necessary corrective actions agreed.

Monthly monitoring reports are sent to the appropriate manager/s, with the trust consolidated report circulated to the chair of trustees and chair of the finance and resources committee via the CFO.

03 Independent checking procedures

The Trust Board has established an audit and risk committee and a finance and resources committee, who meet once a term, or more frequently if necessary. The committees are responsible for monitoring and making recommendations to the board on matters related to financial health, audit and risk.

The Trust Board:

- has defined its terms of reference
- has prescribed the extent of its delegated authority within the terms of these procedures
- ensures they receive minutes of the committee's meetings
- reviews the audit committee's remit and membership annually.

Accounting officer

The accounting officer is the CEO who has personal responsibility to the Trust Board, Parliament and the accounting officer of the ESFA for the resources under their control. The essence of the role is:

- Ensuring regularity – that public money is spent for the purposes intended by Parliament.
- Ensuring propriety – that expenditure and income is dealt with in accordance with Parliamentary intensions.
- Ensuring value for money – the economic, efficient and effective use of available resources.
- Affordability and sustainability – respecting agreed budgets and avoiding unaffordable longer-term commitments, taking a proportionate view and managing sustainable growth.
- Keeping proper financial records and accounts.
- Managing opportunity and risk.

The accounting officer must advise the Trust Board in writing if, at any time, in his or her opinion:

- any action or policy under consideration by the board or an academy is incompatible with the terms of the academies trust handbook or the funding agreement
- the board appears to be failing to act where required to do so by the terms and conditions of the academies trust handbook or the funding agreement.

If the board proceeds, contrary to the advice of the accounting officer, and the accounting officer believes that they are in breach of the academies trust handbook or the funding agreement, the accounting officer must advise the ESFA's accounting officer of the position in writing.

Internal audit service

Delivering assurance through independent challenge (internal audit). The trust has appointed an external audit company to provide 'internal audit service' to ensure that the trust's financial planning process is robust. The trust must ensure that the service provided adheres to the principles stated in the academies trust handbook.

Review of regularity

The CEO, in their role as accounting officer will review the following documents every month to ensure the trust is working within the boundaries of regularity and propriety:

- management accounts, balance sheet and cash flow
- compliance against the scheme of delegation
- transactions for evidence of related parties
- value for money practice.
- adherence to tendering practice and legislation

04 Annual accounts

The trust must prepare annual audited financial statements for the accounting period to 31 August. The accounts must be prepared in accordance with the ESFA accounts direction, academy trust handbook, financial reporting standards (FRS) and charity statement of reporting standards (SORP)

The accounts are prepared in house by the group financial controller and compiled by the external auditors.

The accounts are then submitted as follows:

- by 31 December – to ESFA
- by 31 January – published on our own website
- by 31 May – to companies' house.

Value for money statement

As part of the annual accounts the trust must include focussed examples of value for money.

The group financial controller is responsible for collating the examples which are then confirmed by the finance and resources committee.

Audit arrangements

External auditors must be appointed in accordance with the academies trust handbook.

The group financial controller 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.

Work undertaken during accounting period

The group financial controller 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
- reviewing aged debtors for any provisions required
- maintaining a record of trustee interests, related and connected party transactions
- control account reconciliations (bank, wages, debtors, creditors)
- maintaining a record of meeting attendance

Work undertaken for the year end

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

- stock take and including of year end stock value
- prepayments for IT licenses
- prepayments or accruals for grant income
- control account reconciliations
- close down of the purchase ledgers
- close down of the sales ledgers and aged debtors
- pension valuations
- pension audit

Accounts return

The trust must prepare the annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by the given deadline.

The accounts return is prepared by the group financial controller.

Document retention

The retention of financial documents is outlined in the trust's retention policy.

05 Accounting system

All financial transactions of the trust must be recorded into PS Financials, the computerised financial information accounting system. This system is operated by the finance department and consists of:

- monthly audit trails
- master file amendment reports for payroll, the purchase ledger and the sales ledger
- management accounts summarising expenditure and income against budget.

System access

Access to the system is restricted to authorised employees and external parties as authorised by the accounting officer, such as an outside audit service and in line with the trust's IT security policy.

Termly reviews are carried out to ensure that access rights and levels of access are still relevant to the responsibilities of individual users. Access for staff who are no longer employed by the trust is removed when the staff member leaves.

The trust complies with the requirements of the data protection act.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled. The use of correcting fluid or the erasure of information is not acceptable.

Back-up procedures

The finance system used by the trust, PS Financials is owned by IRIS Software Group Ltd. The software is hosted by IRIS, which can be accessed by the trust's finance staff using a remote desktop.

IRIS are responsible for ensuring that there is effective back up procedures for the system. Data is backed up on a suitable medium or server and the copies stored in a secure place. Back-up copies are taken on at least a daily basis.

Transaction processing

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

Bank transactions are input by the assistant finance manager and reviewed by the finance manager.

Transaction reports

The finance manager will review the following system reports to ensure that only regular transactions are posted to the accounting system:

- the BACS audit trail reports
- reports for the payroll, purchase ledger and sales ledger
- management accounts summarising expenditure and income against budget reconciliations.

The assistant finance manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account
- payroll control account
- VAT control account
- bank balance per the nominal ledger to the bank statement

The purchase ledger clerk is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- purchase ledger control account

All reconciliations will be signed by the finance manager as evidence of review.

Any unusual or long outstanding reconciling items will be brought to the attention of the group financial controller and dealt with according to the bad debt limits in this manual.

06 Cash management

Bank accounts

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

- the trustees must authorise the opening of all bank accounts and signatories on each
- the trust will ensure that in the event of changes to key personnel or trustees, signatories will be changed immediately, and the bank notified. Any online 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 agreed and records maintained by finance.

Deposits

A cash 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).

The assistant finance manager is responsible for updating the accounting system, within 2 working days, for deposits placed.

Payments and withdrawals

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

This provision applies to all trust accounts. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

Administration

The assistant finance manager ensures bank statements are received regularly and that reconciliations are performed on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled
- reconciliations are prepared by the finance department
- reconciliations are subject to an independent monthly review carried out by the finance manager
- adjustments arising are dealt with promptly.

Petty cash

The trust does not operate a petty cash system.

Redgate Primary Academy and Yeoman Park Academy are permitted to hold small amounts of cash to facilitate experience in the community activities i.e. visiting local shops. Receipts are retained and reconciled by the assistant finance manager, on a monthly basis.

E-procurement and payments

Trust credit cards are used only when it is not practical to use the purchase order/cheque system. All transactions will be charged to the appropriate accounts.

Sales vouchers, invoices and requisition forms are checked by the finance manager/assistant finance manager against the amounts entered and reconciled with the bank statements and credit card statements.

Balances on trust credit cards are to be paid in full each month.

Any department wishing to make a purchase on credit card must complete an order form and pass this to the assistant finance manager and named card holder to make the purchase. All order forms detailing the purchase must be signed/ electronically approved by the budget holder.

BACS payments

On receipt of an invoice, the budget holder approves the invoice either by email or physically signing the document, 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
- VAT chargeability on qualifying expenditure is shown.

BACS payment are checked for accuracy and authorised by two signatories as per the trust's levels of authority guidance.

BACS payments will be processed on a weekly basis. Exceptions will be made in respect of time sensitive payments, such as student bursaries and late urgent supplier payments.

Where payments are made to off-payroll individuals, evidence of the employment test criteria under HMRC IR35 will be retained in accordance with the trust's document retention policy.

07 Reserves and investment

Revenue reserves

Where funds are held in trust, the group financial controller is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

Reserves of the trust are considered to be funds that are deployed at the discretion of the executive leadership team with appropriate Trust Board approval, and within the trust's scheme of delegation and levels of authority.

Any in year surpluses become part of the trust reserves.

In year surplus monies can be deployed at the discretion of the Trust Board based on the trust's strategic priorities. Business cases must be submitted to the executive leadership team to request investment, which has not been budgeted for. These business cases should be capital investment rather than the operational activity. The trust finance and resources committee will have oversight of the business cases approved by the Trust Board.

Only in exceptional circumstances will reserves be used to support a short-term deficit. This must be approved by the Trust Board.

The trustees have deemed that 2.5% to a maximum of 5% of GAG income is an adequate level of reserve to ensure financial stability, this is in line with DfE expectations.

Capital reserves

Any overall surpluses at the end of the year are carried over to the following year.

Capital reserves will be allocated in line with the priorities agreed by the Trust Board.

It is the responsibility of the group financial controller to keep accurate records of the capital funds, especially where grants have been received for capital projects.

Investments

Investment of cash is managed by the financial controller. The finance and resources committee will have oversight of all cash investments.

The level of cash held, and deployment will be reviewed and documented as part of the annual budget setting process and monitored by the financial controller on a monthly basis.

Cash is held for the following purposes

- Where the organisation is growing and needs to build capacity in advance of need.
- As a safety net against reduced funding to allow time for correction to the trust's cost base, paying for any short-term deficit and subsequent restructuring costs.
- To allow for investment in vital infrastructure.
- To meet any short-term emergencies.
- Cash flow management to ensure employees and suppliers can be paid.

The trust will only invest cash funds in bank accounts, no purchase of bonds, shares or other financial instruments are permitted. Funds will only be deposited with institutions after all due diligence checks have been carried out, risks assessed and Trust Board approval gained.

Investments that require an initial cash outlay i.e. spend to save or income generation opportunities will be proposed to the Trust Board, in line with our levels of authority, for approval on a case by case basis after all due diligence and risk assessments have been carried out.

All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated.

08 Payroll

Payroll Administration

HR maintains a list of staff employed by the trust and their current salaries, which is reviewed annually.

The trust uses the services of a payroll agent and the contract between the trust and the agent includes:

- the responsibilities of the trust and the payroll bureau
- the responsibility for making returns to HMRC and the dates by which these returns should be made
- details of ownership of relevant software and data files

- responsibilities for the control and accuracy of data
- details of authorised signatories for payroll amendments
- back up provisions
- a schedule of reports to be sent to the trust for financial and personnel monitoring purposes
- an agreement as to the response time and costs that will be charged for any additional data or reports required by the trust
- provision for access to systems for authorised staff and auditors.

The payroll agent processes the staff payroll following the variance checks made by finance managers. They do not process salary changes authorised by the person whose salary is changing. Payments are made as follows:

- net payments to staff, by BACS, to employees
- HMRC payments, by the payroll agent, to HMRC
- pensions payments, by the payroll agent to the pension's authorities
- other legally enforceable deductions (court orders) by the payroll agent to the relevant recipient.
- overtime claims, as part of net payments to staff, by the payroll agent
- expense payments to employees, through the payroll system

No individual is treated as 'self-employed' without the clearance of HMRC.

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

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

Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee, authorised by the budget holder and input into the payroll system by the finance team.

Payments

All salary payments are made by BACS.

The finance team prepares a reconciliation between the current month 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 tax and pensions legislation.

Salary advances

The trust does not award salary advances.

Overtime

Overtime is recorded by the assistant finance manager directly on to the payroll system once it has been appropriately authorised.

Claim forms must not be submitted prior to work having been undertaken.

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

09 Income

The trust has responsibility for ensuring that all income due is properly accounted for. Day to day responsibility for this is delegated to the finance managers. Income, including valuations for donated services and gifts in kind, is accounted for in accordance with the requirements set out in the academies trust handbook. Receipts are given for all amounts of non-grant income.

ESFA grants

The receipt of ESFA grants is monitored directly by the group financial controller who is responsible for ensuring that all grants due to the trust are collected.

Other grants

The receipt of other grants is monitored directly by finance managers who are responsible for ensuring that all grants due to the trust are collected.

Educational Visits

A lead member of staff must be appointed for each educational visit to take responsibility for the collection of payments or charges due. The visit leader must complete a financial planning form for each educational visit as per the Educational Visits Operational Guidance document.

Records for students taking part in the visit, showing any payments made or amount due will be maintained. Student records will be sent to the visit leader on a monthly basis with the visit leader responsible for chasing any outstanding payments. Students must make payments using the online cashless system.

Educational visits should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £15 per pupil is redistributed to parents. If the academy elects to subsidise the educational visit, the amount of subsidy must be approved

by the academy principal in advance of the booking being made. Any surplus below the £15 per pupil threshold will be transferred to the general trips fund and used to support access to optional activities for pupils.

Lettings

All lettings are subject to a letting agreement, setting out the terms and conditions of the letting, including the agreed charge and appropriate insurance arrangements are in place.

All hiring of trust equipment and facilities must be recorded in a lettings planner or diary, the upkeep of which is the responsibility of site management staff or the business manager.

Lettings must be reviewed on a monthly basis to ensure that all lettings have been invoiced, which the finance department will generate.

Copies of the hirers up to date relevant public liability, indemnity, insurance and qualifications (where relevant e.g. H&S, first aid, instructor etc.) are kept with the letting agreements and are reviewed at least annually.

Gift aid

To ensure the trust, in its position as an exempt charity, receives all the monies it is entitled to, the finance manager:

- reconciles income against records to confirm expected amounts have been received by the donor
- ensures the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

10 Debt

The trust will take all reasonable measures to vigorously collect debts as part of its management of public funds control framework. A debt will be passed onto an external debt collection agency only after all reasonable measures, commensurate with the size and nature of the debt, have been taken to recover it.

The trust will observe the relevant financial regulations and guidance set out in the academies trust handbook and any other legal requirements.

The limits for writing off bad debts are stated in the levels of authority document.

Acceptable credit period

The Trust Board has determined that one week is an acceptable 'credit settlement period' before the debt recovery procedures are applied. This should not normally apply to school dinners, educational visits, nursery/after school club and breakfast club

sessions where payment must always be made in advance. Where the trust enters into a service level agreement, to deliver goods or services, with another entity the payment terms will be agreed prior to the SLA coming into effect.

Reporting of outstanding debt levels

The finance manager will ensure that the level of outstanding debt is regularly monitored.

Suitable records will be maintained to detail individual debts in order that they can be reported to the appropriate manager.

Debt recovery procedures

Where payment from a debtor has not been received in advance, or 'at the point of sale', the following process should be applied:

- **Initial overdue payment reminder**

An initial reminder will be informal and can be made either in person (for example when a parent/carer comes to collect/drop off the child), or by telephone or letter. The date of the initial reminder will be recorded on the academy's management information system (MIS) and/or PS Financials.

- **Overdue payment reminder letter**

A formal reminder letter will be issued 2 weeks after the informal reminder. If action is to proceed further, it will be necessary to prove that all reasonable attempts have been made to recover the debt, and that these attempts have been made in a timely manner.

The date of the reminder letter will be recorded on the academy's MIS and/or PS Financials.

- **Failure to respond to reminders/settle a debt**

If there is no response to the reminder letter the debtor will be invited to meet an appropriate member of staff to discuss how the debt will be settled. Failure to respond to this letter and failure to attend this meeting will result in the trust passing the debt to an external debt collection agency.

Negotiation of repayment terms

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue payment' reminder. Arrangements for part payments may be considered by the relevant manager i.e. business manager or academy principal, but any such agreement must be strictly adhered too. Failure to meet any repayment terms will result in the debt being passed to an external debt collection agency.

The debtor will be advised that they will be required to pay in advance for all future supplies and services or the supply will no longer be available to them until the existing debt is settled in full.

Debtors unable to pay

The trust may reduce or cancel a debt in certain circumstances. A sensitive approach to debt recovery will be followed, taking the following factors into account:

- Hardship – where paying the debt would cause financial hardship.
- Ill Health – where our recovery action might cause or further exacerbate existing ill health.
- Time – where the debt is so large compared to the person's income that it would take an unreasonable length of time to pay it all off.
- Cost – where the value of the debt is less than the cost of recovering it.

Costs of debt recovery

Where the trust incurs material additional costs in recovering a debt then the finance department and relevant manager will decide whether to seek to recover such costs from the debtor. The debtor will be formally advised in writing that they will be required to pay the additional costs incurred by the trust in recovering the debt.

11 Purchasing

The trust must endeavour to achieve value for money on all purchases. As a public funded entity it is essential we follow 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.

Before making any commitments with suppliers, adequate budget must be in place and a purchase order must be sought from finance. Some goods or services will not require a purchase order; therefore, these are 'out of scope' from the purchasing process. The following is a list of goods/services that do not require a purchase order.

- monthly PFI invoices
- utilities
- exam fees

- agency arrangements
- emergency call outs
- monthly buy back services.
- alternative provision providers
- educational visits expenditure

This is not a definitive list, advice from finance team should be sought before making any commitment.

All purchases should be made in line with the levels of authority.

12 Trading with connected and related parties

Connected parties arise where one party has control or influence over the other, or where the parties are subject to common control. This includes parent companies and their subsidiaries, key management personnel including company directors, their close family members and other entities in which these parties have a controlling interest. Accounting standards require transactions between related parties to be disclosed in company financial statements as connected party transactions. Such transactions are permitted under company law, charity law and under the academies trust handbook provided that open and transparent procurement procedures have been followed and any potential conflicts of interest are adequately and appropriately managed.

Reporting and approval of related party transactions

The trust must report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line form as per the requirements stated in the academies trust handbook. This requirement applies to all such contracts and agreements made on or after 1 April 2019.

13 Goods and services for private use

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

14 Insurance

The group financial controller reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for trust property when off the premises.

The trust has opted into the department for education's risk protection arrangements.

Staff must ensure all valuable are kept under lock and key when not being used in a supervised manner.

In the event of a claim, the first £250 for primaries and specials and £500 for secondaries of replacement cost must be funded by the academy concerned. Items under £250 (primaries) and £500 (secondary's) will receive no insurance pay out.

15 Gifts and Hospitality

In order to protect all individuals associated with the trust and the reputation of the trust from accusations of bribery or corruption, all staff and trustees, must take extreme care that none of their dealings, directly or indirectly, could be deemed as a reward or benefit, in line with the Prevention of Fraud and Bribery Act 2010. This Act makes it a criminal offence to:

- offer, promise or give a bribe
- request, agree to or accept a bribe
- fail to prevent bribery by those acting on its behalf ('associated persons') to obtain or retain business or a business advantage for the organisation. Under this Act, a bribe is 'a financial or other advantage' offered, promised or given to induce a person to perform a relevant function or activity improperly, or reward them for doing so.

The trust and its constituent academies will hold a gifts and hospitality register. All gifts/hospitality over the value of £30 must be recorded in the relevant gifts and hospitality register. See appendix 2 for gifts and hospitality register template.

Definitions

- A gift is any item or service, award, prize or any other benefit which is received free of charge; or personally offered at a discounted rate; or on terms not available to the general public; or which might be seen to compromise the personal judgment or integrity of the recipient.
- Hospitality is the offer of food, drink, accommodation or entertainment or the opportunity to attend any cultural or sporting event not available to the general public.

Dealing with gifts and hospitality

It is the expectation for staff and trustees to exercise the utmost discretion in giving and accepting gifts and hospitality when on trust business. Particular care should be taken in respect of offers of gifts from a person or organisation that has, or is hoping to have, a contract with the trust. In any case of doubt, advice must be sought from the relevant finance manager or COO.

Staff and trustees must not make use of their official position to further their private interests or those of others.

Staff and trustees must not accept gifts, hospitality or benefits of any kind from a third party where it might be perceived that their personal integrity is being compromised, or that the trust might be placed under an obligation.

Gifts of low intrinsic value such as promotional calendars or diaries, or small tokens of gratitude, can be accepted. If there is any doubt as to whether the acceptance of such an item is appropriate, individuals should decline the gift or refer the matter to the relevant finance manager or COO.

It is common for appreciative parents and students to register their thanks for the work of staff in the form of a small personal gift. If these are valued at less than £30 these are perfectly acceptable without reference to senior members of staff. These will not need to be recorded in the register. Where gifts valued over £30 are accepted, these should be referred to the relevant finance manager or COO and recorded in the register.

Hospitality such as working lunches, coffees etc. are perfectly acceptable where it is appropriate to offer or receive these in support of good relationships with visiting staff or business colleagues. Modest hospitality, provided it is reasonable in the circumstances, should be similar to the scale of hospitality which the trust as an employer would be likely to offer. These would not be added to the register. Hospitality received above this level should be recorded in the register.

If a member of staff or trustee is offered a gift or hospitality whilst involved in the procurement of goods and services, tenders for work or when liaising with anyone conducting business with the trust (other than light refreshments) it is their responsibility to discuss this with the trust COO immediately.

If not accepting a gift might be regarded as causing offence, such as a sudden and unexpected gift or one where refusal could cause cultural offence, the item should be accepted. The matter should then be brought to the attention of the trust COO as soon as possible who may decide to return the gift or may donate it to a charitable cause.

Examples of gifts or hospitality that should not be accepted are:

- a) cash or monetary gifts
- b) gifts or hospitality offers to a close family member
- c) gifts or hospitality from a potential supplier or tenderer in the immediate period before tenders are invited or during the tender process
- d) attendance at sporting and cultural events at the invitation of suppliers, potential suppliers or consultants. Where it is considered that there is a benefit to the trust in a member of staff

or trustee attending a sponsored event, the attendance must be formally approved and registered by the trust COO.

Giving gifts and hospitality

The trust will not normally give gifts to other individuals or organisations. If gifts are given, staff must ensure that the decision is fully documented in the relevant gifts and hospitality register and that it has regard to the propriety and regularity of the use of public funds. This does not apply to the award of gifts, prizes etc. related to the achievement of students – e.g. attainment or merit awards.

Hospitality such as working lunches, coffees etc. and modest hospitality in the form of meals etc. are perfectly acceptable where it is appropriate to offer or receive these in support of good relationships with visiting staff or business colleagues.

These would not need to be added to the register. Hospitality provided above this level should be recorded in the register.

Non-compliance

In the case where it is believed a member of staff or trustees has not declared a gift or hospitality then a formal investigation will be instigated by the trust chief executive officer (CEO) or COO.

If misconduct is indicated, appropriate disciplinary actions may then follow.

16 Fraud

The trust does not tolerate fraud. Where instances of fraud are found the accounting officer will notify the ESFA as per the academy trust handbook and pursue any necessary legal recourse.

17 Leasing

Finance leases represent borrowing and are not allowed under the academy trust handbook.

Operating leases and hiring/rental agreements are permissible under the academy trust handbook.

No leased item is disposed of without the express permission of the leasing company. This includes sale, part exchange, scrapping, writing-off, donating, re-leasing, subletting or any other form of disposal.

18 VAT

VAT 100 form

The group financial controller is responsible for submitting the VAT 100 form monthly and ensures compliance with HM Revenue and Customs for claiming the correct levels of VAT including annual calculations in respect of partial exemption.

19 Fixed assets

Asset register

The trust includes details of all assets with a cost greater than £1,000 value, in the asset register.

The register records:

- source of funding
- expected useful economic life
- depreciation
- current net book value
- asset description, date of acquisition, asset cost, location.

Inventory of valuable assets

Each academy has named individuals who keeps the records for inventory. The inventory records:

- asset description, asset number, serial number
- date of acquisition
- asset cost
- location
- name of member of staff responsible for the asset

Items used by the academy but owned by others are included, with a note of ownership. Leased items are identified as such with the termination date of the lease.

The fixed asset register is reviewed annually to ensure depreciation calculations are correct. A sample of physical assets versus those on the fixed asset register is tested on annual basis as part of the external audit.

Examples of items to include on the asset register include:

- ICT hardware and audio visual equipment
- office equipment – fax machines, shredders, vacuum cleaners
- furniture
- catering equipment
- technology equipment – sewing machines, craft machinery

- premises equipment
- other equipment – musical instruments, PE equipment
- mini buses.

Disposals

Disposals, where applicable, are in line with the academies trust handbook and levels of authority document.

Appendix 1 – Budget Cycle

Autumn term

- implementation of current year budget plan
- monitoring income and expenditure on a continuous monthly basis.
- reconciliation and closure of previous financial year
- Autumn term budget forecast - Forecast 1
- commencement of integrated curriculum and financial resource planning for next academic year including pupil number projections.

Spring term

- monitoring income and expenditure on a continuous monthly basis.
- reconciliation and confirmation of General Annual Grant (GAG) funding for next academic year.
- Spring term budget forecast (Forecast 2).
- funding methodology and finalisation of trust infrastructure overhead costs.
- finalisation of integrated curriculum and financial resource plans
- assessment and roll over of fixed non pay costs
- review of multi-year site and IT development plans
- benchmarking of draft plans against appropriate sector comparators.

Summer term

- monitoring income and expenditure on a continuous monthly basis.
- finalisation of plans for forthcoming 5-year budget period.
- Summer term forecast (Forecast 3)
- trust board approval and submission of the budget plan to the ESFA for the following academic years.

Appendix 2: Gifts and Hospitality Register template



Gifts and Hospitality Register 2022-23

| Recipient | Post of recipient | Gift/Hospitality | Donor | Date | Estimated Value | Comments* |
|-----------|-------------------|------------------|-------|------|-----------------|-----------|
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*Comments should include the reason the offer was accepted and the use to which any gifts were put e.g. donated to raffle etc.