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Daubeney Academy



Financial Regulations Policy

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1 GENERAL

- 1.1 In accordance with the Financial Regulations for The Challenger Multi Academy Trust, the Trustees hereby recognise the need to lay down formally a policy for the overall management of each academy's budget and the day-to-day management of the Academy's financial affairs.
- 1.2 The general conditions that follow are subject to annual review and consideration by the Trustees.
- 1.3 The Trustees confirm that failure to observe these conditions is considered a serious matter and may involve disciplinary procedures being taken against the individual concerned.
- 1.4 The Trustees confirm that overall management of the Academies budget is delegated to the FRAC subject to exceptions contained in these regulations.
- 1.5 The Trustees will appoint the CEO who will act as an Accounting Officer on behalf of the Academies.
- 1.6 The Trustees/Governors must appoint a Headteacher, Finance Officer (CFO) who will act as the trust's Chief Finance Officer or Business Manager or equivalent, to lead the finance department. The CFO may combine their specific financial responsibilities with a range of other support and leadership responsibilities in which the existence of a formal accountancy qualification may be less relevant. Key responsibilities for the CFO will include:
 - The preparation of the annual accounts;
 - The preparation and monitoring of the budget;
 - Technical advice; and
 - Liaison with auditors.

The CFO need not discharge all of these duties personally. The trust's will decide whether an adequate served by employing staff or contractors with relevant skills and knowledge is needed at the relevant time (e.g. when the accounts are being prepared).

Finance Officers of Academies will be appointed in Liaison with the Chief Finance Officer and Trustees

- 1.7 The Challenger Multi Academy Trust has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Governors and Staff.

Such management will include:

FINANCIAL MATTERS

- Recommendation to the Board of Trustees to approve the annual budget plan for the forthcoming financial year in accordance with the scheme of delegation and rectify by the Trustees.
- Ensure that grants from the Department of Education (DfE) are used only for the purposes intended.
- Keeping under review the Academy's actual financial performance compared with the budgeted performance and to take remedial action as necessary. Such action will be reported to the Board of Trustees/Trustees. In all cases liaison must be maintained with other appropriate Committees.
- Making decisions on financial requests from other Committees.
- Making decisions on expenditure within the Committee's delegated powers.
- Making decisions on virements within agreed budgets, within the Committee's delegated powers.
- Advising the Board of Trustees on the appropriateness, or otherwise, of virements to be made outside of the Committee's delegated powers.
- Ensuring the Register of Business Interests is kept up to date by the Clerk to the Board of Trustees.
- Reviewing the various insurance schemes and options available to the Academy.
- Monitoring all spending in the Academy i.e. Delegated Budget and Academy Fund.
- Receiving and commenting on the content of the audit report relating to the delegated budgets will be overseen by the Trustees.
- The Financial Regulations and Scheme of Delegation will be reviewed annually by the Trust and any changes will be notified to each Academy
- Reviewing annually the Terms of Reference.
- Agreeing and determining charges for the letting of the Academy premises.
- Making recommendations to the Trustees on:
 - a) The appointment of the Responsible Officer/ Internal Auditor in conjunction each Academy
 - b) Any comments received from the Responsible Officer regarding work carried out.

In the event of the Board of Trustees's not being appointed, the trustees will take responsibilities on financial matters

- 1.8 The Board of Trustees confirms that day-to-day financial management of the Academy is delegated to the Headteacher subject to exceptions contained in these regulations.
- 1.9 Throughout these conditions, delegation to the Headteacher shall imply further delegation to a Deputy Headteacher when the Headteacher is not on the Academy site. Where the Headteacher wishes to permanently delegate certain financial matters or activities, then the level of that delegation shall be notified in writing to the individual(s) concerned reported to the Board of Trustees in writing and incorporated in these conditions.
- 1.10 Throughout this condition the responsibilities for a particular activity does not imply that it must be carried out by that person. It is accepted that the work may be delegated although this responsibility remains with the named person.
- 1.11 Any Governor or member of staff having direct or indirect involvement in a business, which is tendering for a contract, must declare his or her interest.
- 1.12 All Governors, members of the Board of Trustees, Trustees, Directors of the Trust and Academy staff must complete the appropriate questionnaire to ensure that the Register of Business Interests is kept up to date.
- 1.13 The Governors, Trustees and appropriate Committees should meet at least once a term and conduct business only when the meeting is quorate that is, has enough people present to allow decisions to be made.
- 1.14 The Governors/Trustees/Resources will appoint a clerk who is someone other than the Trustees, Governor or Headteacher.

2 ANTI-FRAUD AND ANTI CORRUPTION COMMITMENT

Please see the Anti Fraud and Corruption Policy

3 FINANCE, RISK AND AUDIT COMMITTEE STRUCTURE

- 3.1 The membership of the Finance, Risk and Audit Committee (FRAC) will be agreed annually at the first meeting of the full Board of Trustees meeting.
- 3.2 The Terms of Reference for the FRAC are reviewed annually by the Board of Trustees .
- 3.3 The FRAC will meet at least termly. Additional meetings will be held as and when required, for example to review the end of year financial statements.
- 3.4 The quorum will be 3 members.
- 3.5 Minutes will be kept of all meetings. Copies of minutes will be kept in an appropriate file and circulated to all members of the Board of Trustees and the Chief Finance Officer.
- 3.6 A Chairperson will be appointed by and from the members of the FRAC (Board of Trustees). In the absence of the Chairperson at any meeting, then the Committee will appoint one of the members present to act as Chairperson for that meeting. A Governor who is employed at the Academy cannot be elected Chairperson.
- 3.7 The board of trustees may decide to delegate parts of its responsibilities for financial oversight to the FRAC. However, the full board of trustees must approve the budget. This approval must be in the minute.

4 FINANCIAL PLANNING AND REVIEW

- 4.1 The board of trustees must approve a balanced budget for the financial year to 31 August, which may draw on unspent funds brought forward from previous years. The trust will submit to the ESFA a copy of that final budget in a form specified by the ESFA by a date specified. The trustees must agree procedures so that any significant changes to the approved budget are notified to them, so that they may consider and decide whether to approve them. Similarly, significant changes to budget plans must be notified to the ESFA.
- 4.2 The Academy's overall budget plan will be prepared by the Headteacher in consultation with the CFO. The budget will be prepared having regard to all known needs of the Academy, the Academy Development Plan (Academy Improvement Plan) and the Asset Management Plan. The Chief Finance Officer for the Trust will review and present all budgets to the Trustees before they are submitted to the DfE.
- 4.3 Records will be kept of all information used in preparing the budget
- 4.4 Only the Chairperson or Vice Chairperson of the Board of Trustees or FRAC is authorised to approve budget plan. The approved final budget plan will then be submitted to the Trustees. After approval by the Trustees the budget plan will be submitted to the DfE by the published date.
- 4.5 A copy of the signed budget plan is to be placed in the Board file and approval confirmed in the minutes (or, if necessary, via email) and a further copy retained by the CFO.
- 4.6 The CFO will submit to the FRAC, as soon as possible, details of the out-turn statement showing spending against budgets for the previous financial year. Adjustment to the current year's budget figures will then be made as appropriate.
- 4.7 Reconciliation of the Academy's own financial records to the bank will be made monthly, within one week of receipt of the bank statement. The Headteacher is responsible for ensuring this is undertaken.
- 4.8 The Headteacher will be responsible for monitoring actual against expected expenditure within each budget line and presenting appropriate reports to the FRAC. Urgent budget problems will entail informing the Chairperson of the FRAC and the Chief Finance Officer immediately.
- 4.9 The Headteacher will submit the appropriate system produced monitoring reports to the CFO together with an explanation of significant variances and a projection of expenditure to year end.
- 4.10 The trust must obtain approval from the Secretary of State (through the ESFA) before borrowing and entering into certain liabilities such as leaseholds, tenancies and indemnities.
- 4.11 The Headteacher, within the framework of the Academy Development Plan as approved by the Trustees, has overall executive responsibility for the Academy's activities including financial activities. Much of the financial responsibility has been delegated to the Finance Manager but the Headteacher still retains responsibility for:

- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Trustees/Trustees have agreed should be approved by them;
- Authorising contracts in conjunction with the Chief Finance Officer and in conjunction with the limits in the scheme of delegation
- Signing cheques in conjunction with the CEO and or other authorised signatory. Cheque use should be reduced to a minimum in line with Audit guidelines.

4.12 The Chief Finance Officer works in close collaboration with the CEO and Headteacher through whom he or she is responsible to the Trustees/Governors. The Chief Finance Officer also has direct access to the governors via the FRAC. The main responsibilities of the Chief Finance Officer are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system;
- The management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees/Trustees;
- The maintenance of effective systems of internal control; ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academies;
- The preparation of monthly management accounts;
- Authorising orders in conjunction with budget holders and the limits of the scheme of delegation;
- Authorising BACS in conjunction with authorised signatory;
- Ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.
- Monitors Academies VAT records and ensures VAT returns are completed timely and accurately.

4.13 The Internal Auditor/ Responsible Officer is appointed by the Trustees and provides Trustees and Governors with an independent oversight of the Academy's financial affairs, systems, transactions and risks. The main duties of the Internal Auditor/ Responsible Officer are to provide the Trustees/Board of Trustees with independent assurance that:

- The financial responsibilities of the Board of Trustees are being properly discharged;
- Resources are being managed in an efficient, economical and effective manner;
- Sound systems of internal financial control and risk management processes are being maintained;
- Financial considerations are fully taken into account in reaching decisions.

The Internal Auditor/ Responsible Officer will be bought-in and be required to undertake a programme of reviews at least once a year to ensure that financial transactions have been

properly processed and that controls are operating as laid down by the Trust. A report of the findings from each visit will be presented to the FRAC and the Trustees. Detailed guidance on the programme to be checked by the Internal Auditor/ Responsible Officer is agreed with the Trustees.

We have a dedicated Audit Committee to receive and respond to internal and external financial reviews.

- 4.14 Other members of staff, primarily the Chief Finance Officer, the Finance Manager, Finance Assistant and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.
- 4.15 Register of Interests – It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all Academy Governors/Trustees and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of Trustees, Governors and Staff to declare interests whenever they are relevant to matters being discussed by the Board of Trustees/Trustees or a Committee. Where an interest has been declared, Trustees, Governors and Staff should not attend that part of any Committee or other meeting.

5 PURCHASING AND PAYMENT PROCEDURES

- 5.1 Budget-holders will be responsible for making the first request for the purchase of items or services from their own budgets.

This will be done by means of an Internal Request Form/Order form and sent to the Finance Office.

- 5.2 On receipt of the Internal Order Form the Finance Manager will arrange for an official order to be raised for sending to the contractor. Reference will be made as appropriate to the procurement standards issued by the Trust, and after determining that the appropriate budget has sufficient funds to meet the order. Internal Order Forms will be numbered and kept on the accounting system.

- 5.3 Orders are to be authorised by the Headteacher. Where appropriate, a copy of the official order will be sent to the budget-holder.

- 5.4 All invoices received will be checked against the original order for accuracy (and delivery notes where appropriate) and entered on the Academy's financial system.

- 5.5 The cheque/BAC's signatories are any two from the academies mandate and in accordance of the regulations contained in the scheme of delegation.

All cheques/BAC's must be signed in appropriate timescale.

It is accepted that it is good practice for the person originating the cheque not to be one of the signatories on the cheque.

- 5.6 The Finance Manager is designated to control cheques and must ensure that:

- a) Where continuous cheque stationery is used, the approved format is complied with, as notified to the Academy from time to time by the Finance Manager.
- b) All cheques are securely stored.
- c) All cheques are entered correctly on the financial management system.
- d) Spoiled cheques are marked as cancelled and retained.
- e) Minimum re-order levels are established.
- f) A system of periodically ensuring that all cheques are properly accounted for, i.e. they are still in stock or have been used.

- 5.7 The Finance Manager must ensure that all prime records are retained for six financial years plus the current year and stored in a secure cabinet (or similar) in a secure and logical manner.

- 5.8 If discounts are available for prompt payment, then payments can be made immediately, having taken into account any loss of interest that might arise. If not, cheques will be issued in accordance with the trading terms of the individual contractor or supplier. Due regard must be taken of the Late Payments of Commercial Debts (Interest) Act 1998.

- 5.9 A copy of the computer-generated schedule of cheques/BAC's will be retained within the Finance Department. Original invoices must be marked to ensure duplicate payments are not made, together with details of the cheque number, date sent etc.

Governors recognise that the best policy is for the cheque to be prepared by someone other than a cheque signatory.

- 5.10 Copy invoices are not to be paid until exhaustive checks have been made to confirm that payment has not previously been made. References back to the original order are to be made in every case. Confirmation that such checks have been made is to be by endorsing the invoice "invoice not previously passed for payment" and signing.
- 5.11 Under no circumstances are payments to be paid against statements.
- 5.12 Where appropriate, adequate checks are to be made that the contractors employed for buildings work – maintenance and repairs etc – have Public Liability Insurance Cover. It is the responsibility of the Chief Finance Officer to ensure that this is complied with.
- 5.13 It is the responsibility of the Chief Finance Officer to ensure that the conditions of the Construction Industry Tax Scheme are complied with.
- 5.14 Any order or purchase which is estimated to exceed our authorisation levels, for the supply of goods, materials or services will be subject to competitive quotations. Documentary evidence of the various quotations must be obtained and attached to the purchase order.
- 5.15 Academy credit cards can be used for purchasing online. An order should be raised and entered on the system in the usual way. Credit cards should only be held by authorised card holders and should be retained on the academy premises at all times. Monthly statements should be checked and all documents supporting the payments should be retained with the statement.
- 5.16 All Academies will fall under the central VAT registration and will therefore apply the relevant VAT codes to each financial transaction in accordance with the VAT manual and guidelines.

6 DAY-TO-DAY DELEGATION OF AUTHORITY

Please see the separate scheme of delegation and summary of financial delegation that outlines the delegation and authorising levels of the day to day procedures.

6.1 Mileage Allowances and Subsistence Claims

The rates payable for reimbursement of casual car mileage will be paid in accordance with the Inland Revenue guidelines and Travel policy.

All expense claims are to be authorised by the Headteacher or budget holder. The Chairperson of Governors or CEO will sign the Headteacher's claim form.

It is the Headteacher's responsibility to ensure that appropriate dispensation has been obtained from HMRC, as advised by the DfE.

6.2 Inventory/Asset Register

- a) Trustees recognise the need to maintain an inventory of equipment in the Academy in order to:-
 - (i) ensure proper physical control of equipment;
 - (ii) provide a basis for insurance cover and claims if equipment is damaged or destroyed, e.g. by fire; and
 - (iii) provide an up-to-date record of the equipment available for teaching purposes.
- b) All items of equipment satisfying the conditions below will be both visibly and invisibly marked with the name and postcode of the Academy. As and when they are received entries will be made in the inventory for:-
 - (i) items valued at £5000 or more at the time of purchase, either individually or as a set;
 - (ii) attractive and portable items of any value;
 - (iii) items especially considered by the Headteacher as being worth including.
- c) The inventory will be maintained by the Finance Manager.
- d) The inventory will be checked annually by the Finance Manager and certified correct. All discrepancies are to be notified to the Headteacher immediately.
- e) All disposals should be recorded promptly, showing the method of disposal and the authority for such action.
- f) A separate "Register of Items removed from the Academy site" shall be kept for all items loaned to members of staff and pupils, and all items taken off site for any reason shall be entered. In the event of any items not being on site when the inventory is checked, reference shall be made to this register in the first instance.

6.3 Acquisition and disposal of fixed assets

- a) The trust must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following transactions:

- acquiring a freehold on land and building;
 - disposing of a freehold of land or buildings; and
 - disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally.
- b) The trust may dispose of any other fixed asset without the approval of the Secretary of State.
- c) The trust must ensure that any disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

6.4 Staff Appointments

- a) The Headteacher is authorised to appoint staff, subject to budget and curriculum financial planning constraints and in accordance with the Board of Trustees's appointment policy.
- b) All new appointments are to be notified to the pay provider by their required means. This form is to be completed by the individual(s) responsible for Human Resources and only authorised by the Headteacher.
- c) Amendments to an employee's terms of employment are to be notified to the pay provider by their required means. This form is to be completed by the individual(s) responsible for Human Resources and only authorised by the Headteacher.
- d) Terminations of employment are to be notified to the pay provider by their required means. This form is to be completed by the individual(s) responsible for Human Resources and only authorised by the Headteacher.
- e) With regard to staff overtime and so on, the Headteacher or budget holder is authorised to incur expenditure.
- f) It is the responsibility of the individual(s) responsible for Human Resources to ensure that the Academy's computer system is updated to take account of new appointments, amendments and terminations of employment. This will ensure that all information on the system is correct and will avoid distortion of financial information.
- g) Any payroll transactions relating to the Headteacher should be authorised only by the Chair of Governors or Chair of Finance.

6.5 Supply Staff

- a) All supply staff will be appointed by the Headteacher/Deputy Headteacher or as otherwise directed by the Headteacher.
- b) It is the responsibility of the individual member of staff to notify the Assistant Headteacher of the hours worked in the particular payment period.
- c) The hours claimed, payment rate and appropriate ledger code will be entered on the relevant forms as appropriate by the Finance Manager, signed by the Headteacher and forwarded to the payroll provider. At the same time the appropriate

commitment for the costs incurred will be entered on to Academy finance system. It is the responsibility of the Finance Manager to ensure this is done.

6.6 Academy's Computer System

- a) Access – The Headteacher and Governors, on behalf of the Academy, are registered under the Data Protection Act. Access to the system is determined by the Headteacher and protected by the use of passwords. It is essential therefore that each person having access to the system uses only their individual user identification and password which should be changed termly. The password for each user will be written down and kept in separate sealed envelopes in the Academy safe.
- b) Back-up – In the event of an emergency it will be necessary to restore data to the computer system as soon as possible. It is essential therefore that back-up tapes are made on a daily basis or cloud computing is used. It is the responsibility of the Network Manager to ensure that this is done. For security reasons all back-up tapes will be stored securely off-site where possible. All financial data will be backed up at the location of the server.

6.7 Keyholders

- a) Buildings – Keys for all buildings and rooms in the Academy will be held by the Headteacher and Premises and Facilities Manager. Where keys for certain rooms are held by other individual members of staff or Governors, then their name will be entered in a 'Keys Register' which will be maintained by the Premises and Facilities Manager.
- b) Academy Safe(s) – Keys for the Academy safe(s) will be held by those designated by the Headteacher. Keys will be kept in their possession at all times and taken off the whole Academy site when not on duty. Where only one key is in use, due regard to security is to be made when considering the location of the spare.

6.8 Leasing Policy and Arrangements

- a) Leasing agreements will only be made where the financial arrangements are such that they benefit the Academy and the Chief Finance Officer and/or Trustees have given their approval.
- b) All leasing agreements above the relevant thresholds as per the Summary of Financial Delegation are to be referred to the Trustees.
- c) Once approval has been given, leasing agreements are to be signed by the Headteacher or CEO on behalf of the Governors.
- d) The Headteacher will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals.
- e) The trust must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following leasing transactions:
 - Taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing.

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- Taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years; and
- Granting a leasehold interest, including a tenancy agreement, on land or buildings to another party, pursuant to the obligations on the academy trust in the Academies Act 2010

7 BANKING ARRANGEMENTS

- 7.1 All banking arrangements will be made with the full approval of the Board of Trustees/Trustees by means of a special resolution made at a meeting of the Board of Trustees, and in accordance with the requirements of the DfE.
- 7.2 The Academy's bank must be informed that the Academy accounts must never become overdrawn.
- 7.3 Governors have agreed that where the cash flow position is such that the bank account might become overdrawn, then the CEO has the authority to request from the DfE an early advance of the monthly budget allocation. Confirmation that such a request has been made must be notified to the Chief Finance Officer, Governors/Trustees, Chairperson of Governors/ FRAC at the next meeting, together with an explanation as to the reasons why and the additional cost to the Academy in terms of interest charged.
- 7.4 Governors will wish to maximise income as far as possible and, where appropriate, a high interest or deposit account will be maintained, in addition to the normal current account.
- 7.5 Surplus balances will, as far as possible, be transferred to a high interest or deposit account.
- 7.6 Direct Debits and Credits will only be made with the authorisation of any two signatories from the academies mandate.
- 7.7 Use of charge cards and/or credit cards will be allowed in accordance with The Challenger Multi Academy Trust regulations. All credit cards will be the responsibility of the named cardholder. Accounts must be reconciled and balanced to receipts on a monthly basis.

8 INCOME

- 8.1 All monies received must be banked intact as soon as is practicable.
- 8.2 All cheques banked must be entered on the bank paying-in slip.
- 8.3 For normal day-to-day transactions, the Finance Manager will be responsible for receiving income and banking of income.
- 8.4 The Headteacher or another named person shall periodically check that all the monies due to the Academy have been collected and banked. For example, cross-checking the Collection Record (cash only) to the copy bank paying-in slip and relevant reconciliation entry.
- 8.5 As part of the reconciliation procedures, the Finance Manager will ensure that the monthly budget allocations to the Bank Account are made on time by the DfE, and all other relevant agencies.
- 8.6 The Finance Manager is responsible for ensuring that all other allocations of money due to the Academy are made on time by the DfE and all other relevant agencies.
- 8.7 Personal cheques will not be cashed from money received and due to the Academy.
- 8.8 The Chief Finance Officer will ensure that all VAT on income is treated in accordance to the VAT manual.

9 INTERNAL CONTROL

- 9.1 The Finance Manager is responsible for carrying out the monthly bank statement reconciliation within one week of receipt. All discrepancies are to be reported to the Headteacher and Bank and investigated immediately.
- 9.2 The Chief Finance Officer is responsible for completing the monthly VAT returns in the prescribed format and forwarding them to the DfE if requested.
- 9.3 The Headteacher will be responsible for periodically checking and approving to confirm the checks have been made for both the Delegated Budget:-
- a) Bank account reconciliations
 - b) System reconciliation
 - c) Petty cash reconciliations
 - d) The appropriateness of payment arrangements in the context of maximising cash flow
 - e) The use and authorisation arrangements of Direct Debits/Credits
- 9.4 The CEO is responsible for regularly checking and approving to confirm the checks have been made of payments to monitor that:-
- a) Transactions have been properly authorised
 - b) No payments have been made which could be classified as fee payments to individuals
 - c) Where appropriate, the requirements of the Construction Industry Tax Deduction Scheme have been complied with
- 9.5 Governors should provide their Internal Auditors/Responsible Officer with a schedule of financial responsibilities on appointment; and agree a pattern of working to assure Governors that all appropriate internal controls are in place and being adhered to. The Challenger Multi Academy Trust nominated Internal Auditors/Responsible Officer will perform these duties on behalf of each Academy and report their findings to the Academies appointed Governor.
- 9.6 The following reports should be produced in accordance with the month end procedures document:-
- Income and expenditure report
 - Cash flow report
 - Profiled report
- 9.7 The trust must have in place sound internal control and risk management processes.
- 9.8 The trust must have regard, in the trust's internal control framework, to:
- Co-ordinating the planning and budgeting processes;
 - Applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties;

- Preparation of timely monthly management accounts, including income and expenditure reports on an accruals basis, cash flow forecasts and balance sheets as appropriate;
- Ensure that delegated financial authorities are respected;
- Selection, planning and oversight of any capital projects;
- The propriety and regularity of financial transactions;
- The management and oversight of assets;
- The risk of fraud and theft; and
- Ensuring efficiency and value for money in the organisation's activities.

9.9 Must make a contingency and business continuity plan setting out what the academy trust would do to ensure the continued operation of the trust.

9.10 Must assess the risks arising from the academy trust's operations.

9.11 Must have in place a process for independent checking of financial controls, systems, transactions and risks.

9.12 Must ensure the academy trust has adequate insurance cover.

9.13 Must notify the Secretary of State, via the ESFA, of any instances of fraud or theft where the value exceeds any sum notified by the ESFA.

9.14 Must maintain proper accounting records and accounts.

10 PETTY CASH

- 10.1 Minor items of expenditure can be paid or reimbursed to staff through the Academy's own petty cash system.
- 10.2 Expenditure paid through petty cash must not exceed the agreed limit in any one transaction. Requests for amounts above this limit can only be authorised by the Headteacher.
- 10.3 All payments made must be supported by an appropriate vat voucher approved by the member of staff receiving the cash.
- 10.4 All petty cash will be kept in a locked box in the safe and the Finance Manager will be responsible for its security.
- 10.5 The amount of petty cash held in the Academy must be kept to a minimum and should never exceed the agreed limit at any one time. The maximum amount of cash held in the Academy at any time must never exceed the insured limit for the safe as set by the Academy's insurance cover.
- 10.6 The Finance Manager will be responsible for the monthly reconciliation of the petty cash at the end of the month and entry onto the Academy's financial system. Receipts less payments plus cash in hand should equal the imprest after taking into account the cash brought forward from the previous month.
- 10.7 Any special arrangements for obtaining petty cash must be notified to the Trustees of the Challenger Multi Academy Trust.

11 PAYROLL AND PERSONNEL PROCEDURES

- 11.1 All staff appointments and amendments are to be made in accordance with the arrangements laid down in Recruitment and pay policy.
- 11.2 No employee may authorise alterations concerning their own contractual and pay conditions.
- 11.3 All monthly payroll data is to be reconciled by the Finance Manager to agree Salary, Income Tax, National Insurance, Superannuation and any other deductions. Payroll reconciliation must be completed within 10 working days of the payroll data being received.
- 11.4 Each month the Finance Manager will agree and reconcile back to the bank statement all payments for salaries, BACS, and other salary related payments.
- 11.5 Each term, a sample check will be made from the personnel records maintained by the Academy to the payments actually made by the Payroll Bureau.

It is expected that over the course of a year, every member of staff would have had his/her salary payment checked at least once. It is the responsibility of the Headteacher to ensure this is done.

- 11.6 (where appropriate) all payments made each month to the Payroll Bureau, together with notification of payments made to outside agencies are to be debited against the relevant budgets and credited to the Payroll Control Account. After the appropriate BACs transfers, and the corresponding entries in the Payroll Control and Bank Accounts are made, the balance in the Payroll Control Account must be NIL. It is the responsibility of the Finance Manager to ensure this is done.
- 11.7 Copies of all individual notifications to the Payroll Bureau will be filed in the personal file of the staff member concerned.
- 11.8 Any contract for the services of a Payroll Bureau will be reviewed regularly to ensure that the Academy is getting value for money and that the Bureau is giving adequate service.
- 11.9 The Headteacher is responsible for ensuring that an annual check is carried out to confirm that gross pay agrees with contracts of employment.
- 11.10 The Internal Auditor/Responsible Officer will carry out periodic spot checks on the payroll documentation.
- 11.11 (where appropriate) Where cheque payments are made to employees for expense claims – mileage, subsistence etc, the recipient must acknowledge receipt by signing an official receipt and returning it to the Finance/General Office. Both the claim form and the receipt are to be kept as prime documents for completion of the necessary forms sent to DfE for notification to the HMRC.
- 11.12 The Headteacher is responsible for ensuring that monthly management checks are carried out to ensure that all the internal control mechanisms shown above are in place and are being adhered to.
- 11.13 The trust must ensure that senior officers' payroll arrangements fully meet tax obligation and comply with HM Treasury's guidance regarding employment and contract arrangements of individuals on the avoidance of tax

11.14 When the trust is considering paying special staff severance payments to employees outside of normal statutory or contractual requirements when leaving employment whether they resign or are dismissed or reach an agreed termination of contract, the following issues will be considered:

- Whether such a payment is justified, based on a legal assessment of the chances of the academy trust successfully defending the case at tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement.
- If the settlement is justified, the trust would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances.

11.15 Special staff severance payment will not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an Employment Tribunal Claim. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures.

11.16 Compensation Payments are different to severance payments. Compensation payments are made to provide redress for personal injuries, traffic accidents, damage to property etc. Before making a compensation payment, we must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. We would also consider routinely whether particular cases reveal concerns about the soundness of control systems, and whether they have been respected as expected. We would also take any necessary steps to put failings right.

11.17 The trust will approve individual special staff severance payments and compensation payments provided any non-statutory/non-contractual element is per limit in the Scheme of Delegation. Where the special staff severance payment or compensation payment exceeds the statutory/contractual entitlement is more than the Scheme of Delegation limits, prior approval will be sought from HM Treasury (HMT), via the ESFA, for the non-statutory/non-contractual element.

12 LETTINGS POLICY

12.1 General

Governors/Trustees recognise the position of the Academy in the local community and that encouragement should be given to the use of the Academy by outside organisations. In recognition of this the following internal regulations are applicable.

12.2 Application Form

All hirers will complete the appropriate lettings application form. Day-to-day approval of requests for hire will be the responsibility of the Director of Administration after reference to the current scale of charges. Abatement of charges can only be made by the Headteacher.

12.3 Bookings

All requests for hire will be logged in the lettings or office diary by the relevant individual(s) in each Academy. Payment will be required in advance for all one-off lettings and where the hirer is not known to the Academy. In other instances it may be appropriate to require a deposit to be paid. All such deposits will be banked immediately, and where a deposit is subsequently required to be returned to the hirer, then the refund should be made by means of a cheque.

12.4 Payments

See Section 8 for full details of income procedures. Invoices will be raised to all hirers for use of the Academy premises and a copy retained in the Finance Department. The Finance Manager is responsible for issuing invoices.

The Headteacher shall periodically ensure at termly intervals that all invoices are properly accounted for and that all monies due to the Academy have been collected.

12.5 Debt Management

The following timetable shall apply where payment is not received:-

- | | | |
|--|---|-----------------------------------|
| a) 3 weeks after original invoice issued | - | first reminder letter |
| b) 2 weeks after first reminder letter | - | second reminder letter |
| c) 2 weeks after second reminder letter | - | referral to Chief Finance Officer |

Bad debts will be "written off" with Trustees approval as per the scheme of Delegation.

13 TENDERING PROCEDURE

- 13.1 Approval of contracts will be in accordance with the limits laid down in the scheme of delegation and Summary of Financial Delegation and will only be made following the Academy's tendering procedure and by reference to the Procurement Standards Manual.
- 13.2 Invitation to submit quotations will be made by appropriate means, i.e. invitation to tender, advertising etc.
- 13.3 Details specified in 13.1 will include the nature and purpose of the contract, where further details can be obtained and the last date and time on which tenders can be received, normally not less than fourteen days after the invitation is published.
- 13.4 Tenders will be reviewed by any two representatives from the Trustees. Tenders received after the closing date and time will not be considered.
- 13.5 No contractor will be allowed to amend the tender after the date and time fixed for receipt of tenders. However, if genuine and obvious errors are found in tenders, contractors will be allowed to withdraw, confirm or amend the tender as appropriate.
- 13.6 In accepting any tender, Trustees will analyse and compare all possible options to make sure value for money is obtained. This might mean accepting a tender which is not necessarily the lowest. Where a tender other than the lowest is accepted, the reasons for its acceptance must be documented, and reported to the Trustees.
- 13.7 Acceptance of any tender will be confirmed to the contractor in writing and no work should be started until this has been done.
- 13.8 Any contracts awarded will include a paragraph to the effect that any contractor will be prohibited from transferring or assigning directly or indirectly, to any other person or contractor, any portion of the contract without the written permission of the Trustees.
- 13.9 All ongoing contracts will be reviewed and renegotiated at regular intervals.
- 13.10 Trustees, Governors and Academy staff should declare their personal interests whether pecuniary or non-pecuniary in any proposal to call for tenders for supply of goods, materials or services.

14 GOVERNORS' ALLOWANCES

The trust must ensure there are no payments to any trustee/governor unless such payment is permitted by the Articles of Association and comply with the terms of any relevant agreement with the Secretary of State.

Section 36(5) of the Education Reform Act 1988 enables governing bodies to decide whether they wish to pay travelling and subsistence allowances from the Academy budget to individual members of the Trustees/Board of Trustees. The policy of the Trustees in respect of payment of allowances will be reported to DfE as part of the Annual Accounts.

- 14.1 Trustees have agreed that subsistence and travelling expenses may be paid to all Trustees/Governors. Reimbursement of actual expenditure by an individual on, for example, postage or telephone calls will also be allowed.

NB – Actual expenditure only can be claimed up to the maximum stated above, and must be supported with receipts, whatever the expenditure.

Each individual making a claim for expenses must use the special form provided. The claims will be processed in the Academy office. All records of claims and payments must be kept together.

- 14.2 All records and papers relating to payment of individuals expenses will be retained in the Academy for six financial years plus the current year in a secure and logical manner.

15 GOVERNORS WHISTLEBLOWING POLICY

The whistleblowing policy is maintained separately to this document

16 AUDIT REQUIREMENTS

- 16.1 Must approve a set of accounting policies as part of the annual accounts.
- 16.2 Must produce audited company accounts in line with the 'Statement of Recommended Practice' (SORP) for charities.
- 16.3 Must appoint a statutory auditor, registered under the requirements of the Companies Act 2006 to certify whether the accounts are true and fair.
- 16.4 Must put the audit contract in writing as a letter of engagement.
- 16.5 Must provide in the audit contract for the removal of the auditors before the expiry of the term.
- 16.6 Must notify the ESFA immediately for the removal or resignation of auditors, and reasons.
- 16.7 Must publish the accounts and provide a copy to anyone who requests it.
- 16.8 Must submit the audited account to the ESFA by the published date each year.
- 16.9 Must include a statement on regularity, propriety and compliance, signed by academy trust's accounting officer, in the annual report that accompanies the accounts.
- 16.10 Must include a review of the accounting officer's statement on regularity, propriety and compliance within the external auditor's remit.
- 16.11 Must establish an audit committee, or a committee which fulfils the functions of an audit committee, dependent upon the size of the trust.
- 16.12 Must have the relevant committee review the risks to internal financial control at the academy trust and agree a programme of work that will address those risks.
- 16.13 Must give the auditors and contractor's reasonable help with their enquiries and provide such information and explanation as is reasonable and necessary.
- 16.14 Must provide the ESFA with access to all books, records, information, explanations assets and premises to assist the ESFA from time to time with its audits.
- 16.15 Must retain all records necessary to verify its position in relation to the handbook and the funding agreement, six years after the end of the period to which funding relates.
- 16.16 Must provide the ESFA or its agents with information of sufficient quality, necessary to meet funding requirements as and when required.
- 16.17 Must notify the ESFA's chief executive in writing of the vacating or filling of the positions of chair of trustees, chief executive or principal as accounting officer and principal finance officer.
- 16.18 Must be aware of the risk of fraud and irregularity and, as far as is possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls.

All forms relating to these financial regulations will be held in an online policies file and updated to reflect changes to the financial regulations.

17 Glossary of Terms

OJEU Official Journal of the European Union

DfE Department for Education

ESFA Education Skills Funding Agency

RO Responsible Officer