



Title	<b>Financial Regulations Policy</b>
<b>Purpose</b>	Barnet Special Education Trust is committed to the highest possible standards of conduct and integrity and in compliance with the ESFA's Academy Trust Handbook as a condition of the Trust funding agreement It is a policy for the overall management of the Academy's budget and the day-to-day management of the Academy's financial affairs.
<b>Relevant to</b>	Trustees, Local Governors, Senior Staff, all staff with operational responsibilities for financial management of the trust business
<b>Responsible Officer</b>	Chief Financial Officer
<b>Introduced</b>	1/2017
<b>Modification History</b>	1/2018, 1/2019, 1/2020, 1/2021, 1/2022
<b>Related Policies</b>	Scheme of Delegation Accounting Policy Anti-Fraud and Corruption Policy Whistleblowing Policy
<b>Date Due for Review</b>	1/2023
<b>Relevant committee for review</b>	Finance, Audit & Risk Committee
<b>Approved by Trustees</b>	14/3/2022
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## 1 GENERAL

- 1.1 The Trustees main objectives are in compliance with the Academies Trust Handbook and other regulatory and statutory requirements covering:
- Strategic leadership that sets and champions vision, ethos and strategy
  - Accountability that drives up educational standards and financial performance
  - People with the right skills, experience, quality and capacity
  - Structures that reinforce clearly defined roles and responsibilities
  - Compliance with statutory and contractual requirements
  - Monitor and evaluate governance in respect of improving its quality and impact.
- 1.2 The Trustees hereby recognise the need to lay down formally a policy for the overall management of the Academy's budget and the day-to-day management of the Academy's financial affairs.
- 1.3 The general conditions that follow are subject to annual review and consideration by the Trustees.
- 1.4 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.
- 1.5 The Trustees confirm that overall management of the Academies budget is delegated to the Finance, Audit & Risk Committee subject to exceptions contained in these regulations.
- 1.6 The Trustees have appointed the Headteacher as CEO and Accounting Officer. She has overall management responsibility for the two provisions currently active: Oak Lodge School and Oakbridge Special Education, with The Windmill School to be incorporated in 2023, subject to all final approvals.
- 1.7 The Trustees/Governors appointed a Chief Financial Officer (CFO) who acts as the Trust's Finance Director, 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 is 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 may not discharge all of these duties personally. The Trust will ensure that its needs are adequately served by employing staff or contractors with relevant skills and knowledge at the relevant time (e.g. when the accounts are being prepared).

Finance Officers of Academies will be appointed in Liaison with the CFO and Trustees.

- 1.8 Barnet Special Education 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, Local Governors and Staff.

The following sections cover all responsibilities of management as set out below:

#### **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 to be ratified by the Trustees.
- Ensure that grants from the ESFA 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 Finance, Audit and Risk Committee. 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 Governing Body 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.
- 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, Scheme of Delegation and Terms of Reference will be reviewed annually by the Trust and any changes will be notified to each Academy
- 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.
- 1.9 Day-to-day financial management of the Academy is delegated to the Headteacher subject to exceptions contained in these regulations.
- 1.10 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 FAR and Board of Trustees in writing and incorporated in these conditions.
- 1.11 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.
- 1.12 Any trustee, local 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.
- 1.13 All academy trust members, trustees, local governors, senior employees, staff with direct involvement in financial operations and budget holders, must complete the appropriate questionnaire to ensure that the Register of Business and Related Party Interests is kept up to date.
- 1.14 The Trustees, Local Governors, and appropriate Committees should meet at least once a term and conduct business only when the meeting is quorate in accordance with the Scheme of Delegation's relevant Terms of Reference.
- 1.15 The Trustees appointed a Governance professional who is someone other than a Trustee, Governor or Headteacher.

## **2 ANTI-FRAUD AND ANTI CORRUPTION COMMITMENT**

- 2.1 The Trust must be aware of the risk of fraud and irregularity occurring within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place appropriate controls.

Trustees expect Local Governors and appointed staff to demonstrate the highest standards of honesty, probity, openness and integrity in the discharge of their functions. This includes the following:

- a) Compliance with appropriate legislation, Codes of Conduct, Delegation Scheme, Conditions of Services, standards of appropriate professional bodies, and any other standards, guidelines or instructions which are relevant to the particular service or activity,
- b) Providing a framework within which counter fraud arrangements will flourish.
- c) It also involves promoting an anti-fraud and anti-corruption culture within the Academy.

At the same time the Academy and the Local Governing Body expects that all external individuals and organisations that it deals with, (e.g. suppliers, contractors, partners, services providers, parents and members of the public etc.,) will act with honesty and integrity and without thought or actions involving fraud, corruption or financial impropriety. In such relationships, the principles outlined in this Policy must be applied. Where external third parties become aware of any fraud and corruption they should report their concerns promptly to the Academy and Trust.

- 2.2 Implementation – The Academy Trust is committed to creating and maintaining an anti-fraud and anti-corruption culture which promotes the highest standards of conduct and which enables Trustees, Local Governors, appointed staff and other external parties to express concerns and suspicions without fear of repercussion or intimidation, in the knowledge that the information will be treated confidentially and will be investigated fully and rigorously. This includes established reporting arrangements through the Academy's Whistle-Blowing Policy.

The Trustees will not tolerate dishonesty on the part of any Trustee, Local Governor, appointed staff or any person or organisation involved in any way with the Academies. Where fraud or corruption is detected, the Academy Trust will rigorously pursue appropriate action against the person or persons concerned including legal and/or disciplinary action, and wherever possible and deemed appropriate, take action to recover any losses suffered.

All instances of fraud or theft committed against the Trust, whether by employees, Local Governors, Trustees or third parties, must be reported by the Trust to the

Education and Skills Funding Agency (ESFA). Any unusual or systematic fraud, regardless of value, must also be reported.

- 2.3 Awareness – The Trustees and each Academy will seek to ensure that its stance on anti-fraud and anti-corruption is widely publicised, both internally and externally. All Trustees, Local Governors, staff and other associated bodies/persons with whom each Academy conducts its business will be appropriately briefed about this policy.

### **3 FINANCE, AUDIT & RISK COMMITTEE STRUCTURE**

- 3.1 The membership of the Finance, Audit & Risk Committee will be agreed annually at the first meeting of the Board of Trustees.
- 3.2 The Terms of Reference for the Finance, Audit & Risk Committee are to be reviewed together with the Scheme of Delegation annually by the Board of Trustees. The Finance, Audit and Risk Committee will meet at least once each term, reporting to the next scheduled Trustees' meeting. Additional meetings will be held as and when required, for example to review the end of year financial statements.
- 3.3 The quorum will be three voting members.
- 3.4 Minutes of meetings will be taken and once approved in draft by the Chair of the Committee, be submitted to the next scheduled meeting of the Board of Trustees.
- 3.5 The Committee will elect a Chair and a Vice-Chair every two years (neither may be an employee of the school)
- 3.6 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. An employee of the Academy Trust cannot be elected Chairperson.
- 3.7 Whilst, the Board of Trustees may decide to delegate parts of its responsibilities for financial oversight to the Finance, Audit and Risk Committee, the full Board of Trustees must approve the budget. This approval must be minuted.

## **4 FINANCIAL PLANNING AND REVIEW**

- 4.1 In accordance with the Academies Trust Handbook, the Board of Trustees must approve a balanced revenue budget for the financial year to 31 August, which may draw on unspent funds brought forward from previous years. The board must minute its approval. 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. The Board of Trustees must notify ESFA within 14 days if it is proposing to set a deficit revenue budget for the current financial year, which it cannot address after unspent funds from previous years are taken into account.
- 4.2 The Academy's overall budget plan will be prepared by the Headteacher in consultation with the Finance, Audit & Risk Committee. The budget will be prepared having regard to all known needs of the Academy, the Academy Development Plan and asset management plans. The CFO of the Trust will review and present all budgets to the Trustees before they are submitted to the ESFA.
- 4.3 Records will be kept of all information used in preparing the budget.
- 4.4 The indicative budget plan(s) must be submitted to the Finance, Audit and Risk Committee for consideration and be approved by the LGB. This approval must be minuted. The approved budget plan will then be submitted to the Trustees by the end of June. After approval by the Trustees, the Budget Forecast Return will be submitted online to ESFA by the published date.
- 4.5 A copy of the approved budget plan is to be placed in the minute file.
- 4.6 The Headteacher will submit to the Finance, Audit and Risk Committee, 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 the preparation of monthly management accounts, monitoring actual against expected expenditure within each budget line and presenting appropriate reports to the Finance, Audit and Risk Committee. Urgent budget problems will entail informing the Chairperson of the Committee immediately.

- 4.9 The Chief Finance Officer will submit the management accounts monitoring reports to the Finance, Audit and Risk Committee 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 Chief Finance Officer but the Headteacher still retains responsibility for:
- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the Trustees/LGB 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 Chief Finance Officer and or other authorised signatories.
- 4.12 The Chief Finance Officer (CFO) works in close collaboration with the CEO/Headteacher through whom he or she is responsible to the Trustees. The main responsibilities of the CFO 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 Governing Body/Trustees;
  - The maintenance of effective systems of internal control; ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy(ies);
  - The preparation of monthly management accounts;
  - Authorising orders in conjunction with budget holders and the limits of the scheme of delegation;
  - Approving payments or signing cheques in conjunction with the CEO/Headteacher or another authorised signatory;
  - Ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.

- Monitors Academies' VAT records and ensures VAT returns are completed timely and accurately.

4.13 The Internal Auditor 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 are to provide the Trustees/Governing Body with independent assurance that:

- The financial responsibilities of the Trust 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 will be appointed by the Board of Trustees and be required to undertake a programme of reviews each 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 Finance, Audit and Risk Committee. Detailed guidance on the programme to be checked by the Internal Auditor will be agreed with the Trustees.

4.14 The Finance, Audit and Risk Committee will fulfil the functions of an audit committee; reviewing the risk of internal financial control to the Trust and agreeing a programme of work to address and provide assurance on those risks. Other members of staff, primarily the CFO, 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 Related Party 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 and related party interests such as directorships, share holdings or other appointments of influence within a business or organisation. 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 and related party interests does not detract from the duties of Trustees, Governors and Staff to declare interests whenever they are relevant to matters being discussed by the Governing Body/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 or electronic requisition via the school's financial package 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 to send to the contractor. Reference will be made as appropriate to any current procurement standards of the Trust, and after determining that the appropriate budget has sufficient funds to meet the order.

- 5.3 Orders are to be authorised in accordance with the Scheme of Delegation. Paper copies of official orders will be kept on file. 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 preferred secure payment method is BACS. Cheques will only be issued in the few circumstances where bank transfers are not possible. BACS authorisers and cheque signatories are any two from the Academy's mandate and in accordance of the regulations contained in the Scheme of Delegation.

All cheques must be signed and BACS authorised within appropriate timescales.

It is accepted that it is good practice for the person originating the cheque not to be one of the signatories on the cheque and the person originating the BACS payment not to be a BACS authoriser

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

- a) All cheques are securely stored.
- b) All cheques are entered correctly on the financial management system.
- c) Spoiled cheques are marked as cancelled and retained.

- 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 will be retained within the Finance Department. Original invoices must be marked to ensure duplicate payments are not made, together with details of the payment reference, date sent etc.
- It is recognised that the best policy is for the payment to be prepared by someone other than a payment 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 Business Director (CFO) to ensure that this is complied with.
- 5.13 It is the responsibility of the Business Director (CFO) 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 charge cards can be used for purchasing online. An order should be raised and entered on the system in the usual way. Charge 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 guidelines.

## 6 DAY-TO-DAY DELEGATION OF AUTHORITY

Attached to this document is a scheme of 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 Trustee with finance responsibilities will sign the Headteacher's claim form.

All expenses claims should be paid through the Academies payroll system

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

### 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) The asset register will be maintained by the Finance Manager.
- c) The asset register will be checked annually by the Chief Finance Officer and certified correct. All discrepancies are to be notified to the Headteacher immediately.
- d) All disposals should be recorded promptly, showing the method of disposal and the authority for such action.

### 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 establishment and budget and in accordance with any current Local Governing Body 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 School Business Manager 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 School Business Manager 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 School Business Manager 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 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 a Trustee with finance responsibilities.

#### 6.5 Supply Staff (Agency Contractors)

- 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 contractor to notify the School Business Manager of the hours worked in the particular payment period.
- c) Any hours worked will be matched against invoices received from the Agency Contractor and any discrepancies investigated.

#### 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 every three months. A user may request a secure password reset from the IT Manager at any time.
- b) Back-ups: These are controlled by Systems provider via the Cloud storage and access. Regular checks will be made by the IT Manager in terms of integrity and status of the system.

#### 6.7 Keyholders

- a) Academy Safe(s) – Keyholders for the Academy safe(s) will be 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.

#### 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 Business Director (CFO) and/or Trustees have given their approval.
- b) All leasing agreements are to be referred to the Trustees.
- c) Once approval has been given, leasing agreements are to be signed by the CEO on behalf of the Governors.
- d) The CEO 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.
  - 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 Governing Body/Trustees by means of a special resolution made at a meeting of the Governing Body, and in accordance with the requirements of the ESFA.
- 7.2 The Academy's bank must be informed that the Academy accounts must never become overdrawn.
- 7.3 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.
- 7.4 Surplus balances will, as far as possible, be transferred to a high interest or deposit account in accordance with the Academy Trust Investment Policy
- 7.5 Direct Debits and Credits will only be made with the authorisation of any two signatories from the academies mandate.
- 7.6 Use of charge cards and/or credit cards will be allowed in accordance with Barnet Special Education Trust regulations. All charge cards should be held in a safe and signed for if being used off site. Accounts must be reconciled and balanced to receipts on a monthly basis.

## **8 INCOME**

- 8.1 When a receipt is issued a copy will be given to the payer and the duplicate copy kept at the Academy.
- 8.2 All monies received must be banked intact as soon as is practicable.
- 8.3 All cheques banked must be entered on the bank paying-in slip.
- 8.4 For normal day-to-day transactions, the School Business Manager will be responsible for receiving income and banking of income.
- 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 ESFA, 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 ESFA and all other relevant agencies.
- 8.7 Personal cheques will not be cashed from money received and due to the Academy.
- 8.8 The Business Director (CFO) will ensure that all VAT on income is treated in accordance with VAT guidance.

## 9 INTERNAL CONTROL

- 9.1 The Finance Manager is responsible for carrying out the monthly bank reconciliation within one week of receipt. All discrepancies are to be reported to the Headteacher and Bank and investigated immediately.
- 9.2 The Finance Manager is responsible for completing the monthly VAT returns in the prescribed format and forwarding them to the HMRC if requested.
- 9.3 The Chief Finance Officer will be responsible for periodically checking and signing to confirm the checks have been made for both the Delegated Budget:
- a) Bank account reconciliations
  - b) System reconciliation
  - c) VAT returns
  - d) Petty cash reconciliations
  - e) The appropriateness of payment arrangements in the context of maximising cash flow
  - f) The use and authorisation arrangements of Direct Debits/Credits
- 9.4 The CFO is responsible for regularly checking and signing 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 Trustees 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. Barnet Special Education 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 within 14 working days of the end of the month and circulated in accordance with the Academies Financial Handbook:-
- Income and expenditure report
  - Cash flow statement report
  - Balance sheet
- 9.7 The Trust must have in place sound internal control and risk management processes.

- 9.8 The Trust must have regard, in its 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.
- 9.15 Must seek ESFA approval for all transactions as noted in Academies Trust Handbook 5.64, including novel, contentious or repercussive transactions, special payments and write-offs and related party transactions.

## **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 signed 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 A pre-loaded cash card will also be available to make purchases and will be kept in the safe. The card will be signed out when leaving the premises, with the pre-authorisation of a member of the SLT.
- 10.6 The Finance Manager will be responsible for the monthly reconciliation of the petty cash and cash card at the end of the month and entry onto the Academy's financial system. Receipts less payments plus cash in hand should equal the impress value after taking into account the cash brought forward from the previous month or the balance on the cash card.
- 10.7 Any special arrangements for obtaining petty cash must be notified to the Trustees of Barnet Special Education 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 5 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 month, a sample check will be made from the personnel records maintained by the Academy to the payments actually made by the payroll supplier.  
  
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 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 Payroll Bureau is giving adequate service.
- 11.8 The Headteacher is responsible for ensuring that an annual check is carried out to confirm that gross pay agrees with contracts of employment.
- 11.9 The Internal Auditor/Responsible Officer will carry out periodic spot checks on the payroll documentation.
- 11.10 (Where appropriate) Where BACS 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 ESFA for notification to the HMRC.

- 11.11 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. Monthly payroll summaries must be signed-off as reviewed by the Headteacher. This may be by email confirmation.
- 11.12 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.
- 11.13 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 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 likely 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.
- 11.14 Special staff severance payment will not be made where it 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.
- 11.15 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.

**11.16** 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 exceed 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 School Business Manager 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 School Business Manager. 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 School Business 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) 5 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 Finance Director

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 will only be made following the Academy’s tendering procedure and with reference to government directives, regulations, policies and guidance regarding [public procurement policy](#) and Public Contracts Regulations 2015.
- 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 All tenders received must be in a plain sealed envelope bearing only the words “tender” and the subject to which the tender refers.
- 13.5 All tenders will be opened at the same time and details of contractor, quotation and any other details recorded at the time of opening.
- 13.6 Tenders will be opened in accordance with the Scheme of Delegation. Tenders received after the closing date and time will not be considered.
- 13.7 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.
- 13.8 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 that 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.
- 13.9 Acceptance of any tender will be confirmed to the contractor in writing and no work should be started until this has been done.
- 13.10 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.
- 13.11 All on-going contracts will be reviewed and renegotiated at regular intervals.
- 13.12 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 TRUSTEES' AND 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/Governing Body. The policy of the Trustees in respect of payment of allowances will be reported to ESFA 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.

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 WHISTLEBLOWING POLICY**

The whistleblowing policy is maintained separately to this document

## **16 AUDIT REQUIREMENTS**

The Board of Trustees must ensure the Trust meets its funding agreements with the Secretary of State and is compliant with the Academy Trust Handbook. This means it must oversee the Trust's financial affairs to meet audit requirements. In particular, trustees;

16.1 Must approve a set of accounting policies.

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 that 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 National Audit Office (NAO) officials 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 through the Get Information about Schools online system of the vacating or filling of the positions of Chair of Trustees, Chief Executive Officer or Headteacher as accounting officer and Chief 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.

## SUMMARY SCHEDULE OF REQUIREMENTS OF THE ACADEMY TRUST HANDBOOK 2021-22

- **Personal responsibility:** Apply highest standards of conduct and ensure robust governance, comply with charitable objects, with duties as company directors/trustees with charity law and the funding agreement
- **Structures:** Ensure the board of the trustees meets at least three times a year, and conducts business only when quorate. Approve a written scheme of delegation of financial powers
- **Relationships:** Manage conflicts of interest, even-handed with related parties, and ensure goods or services provided by them are at no more than cost, beyond the limits of the handbook
- **Money and oversight:** Ensure the board approves a balanced budget for the financial year and minutes their approval. Share management accounts with the chair monthly, with the other trustees six times a year, and consider when the board meets, taking action to maintain financial viability. Ensure decisions about executive pay follow a robust evidence-based process reflecting the individual role and responsibilities, and that the approach to pay is transparent, proportionate and justifiable. Appoint an audit and risk committee to advise on the adequacy of the trust's controls and risks.
- **Accountability and audit:** Submit audited accounts to ESFA by 31<sup>st</sup> December. Ensure an appropriate, reasonable and timely response to findings by auditors, taking opportunities to strengthen financial management and control