



Finance Policy

For the Following Academies:

Holy Trinity C of E Primary School
Connaught Junior School
Crawley Ridge Infant School
Crawley Ridge Junior School
Windlesham Village Infant School

This Finance Policy was approved and adopted by the Trust Board on: 25th September 2018
It will be reviewed in Autumn 2019

CONTENTS

1. Introductions and statement of intent
2. Scope and applicability
3. Roles and responsibilities
4. Financial planning
5. Income generation
6. Banking and cash handling
7. Expenditure
8. Payroll
9. Connected party transactions
10. Novel and/or contentious transactions
11. Delegated Authority – Special payments to staff
12. Fixed assets accounting
13. Tax
14. Insurance
15. Accounting adjustments
16. Fund accounting
17. Retention of finance and payroll records
18. Whistleblowing
19. Risk management

1. Introduction and statement of intent

The purpose of this finance policy is to support The Alliance Multi-Academy Trust (TAMAT) in operating with accountability and transparency, meeting the requirements of the Funding Agreement, Academies Financial Handbook, Academies Accounts Direction, Companies Act 2006 and the appropriate Charities SORP.

2. Scope and applicability

This policy applies to all members, trustees, directors, governors and staff.

Members of these groups involved with the financial management of TAMAT should be familiar with the content of this policy, any related policies and procedures, The Academy Financial Handbook and The Academy Accounts Direction.

TAMAT accounting policies are fully aligned with Academies Financial Handbook, Academies Accounts Direction, and the appropriate Charities SORP.

All accounting transactions will be undertaken accordingly. Where there is scope/requirement for local decision making regarding any financial transactions this is indicated within the finance policy or associated policies and procedures.

3. Roles and responsibilities

All members, trustees, directors, governors and staff must adhere to the 'seven principles of public life'. The specific roles and responsibilities of all groups of people/ individuals who carry financial and assurance responsibilities within TAMAT are set out below. The DfE will be notified via Edubase of any alterations to personnel performing these roles.

3.1 Members

The members of TAMAT are the subscribers to our memorandum of association, and any other individuals permitted to become members under our articles of association. Their powers include the authority to appoint and remove trustees. If TAMAT ceases to exist they have a limited financial liability as defined in the Memorandum and Articles of Association.

TAMAT will endeavor to ensure that there is no overlap of people being both members and trustees as this could reduce the objectivity with which members can exercise their powers.

3.2 Trustees/ Directors/ Governors

For multi academy trusts the terms trustee and director are interchangeable. For the purpose of this policy, the group is referred to as the trustees.

3.2.1 Trustees/Directors – Multi Academy Trust

The trustees must ensure compliance with the Trust’s charitable objects and with company and charity law, and adherence to the Trust’s funding agreement with the Secretary of State. The board may delegate functions to committees. Each committee of the board must contain a majority of trustees, but it may also include other people the board chooses to appoint. Individuals must ensure that they fully understand their duties as company directors and charity trustees. The main responsibilities of the trustees are as set out in the TAMAT Trust Board Handbook.

The Board of Trustees has approved a written Scheme of Delegation of “Financial Limits and ESFA Delegations” that ensures appropriate separation of duties and a Policy for determining executive pay which is robust and evidence based. Any changes to these must be minuted.

3.2.2 Governors – Multi Academy Trust

Each of the Academies who are part of our MAT have a local governing body (Local Academy Board “LAB”). The LAB is responsible for the local management of their Academy.

The LAB evidence that their responsibilities are met through contribution to:

- Production of a balanced budget for the financial year to 31 August with minuted approval
- Review of the financial monitoring reports on a termly basis ensuring that variances between budget and actual income and expenditure are understood and addressed
- Benchmarking key performance indicators against similar academies/schools
- Monitoring of a Risk Register
- Minutes of meetings

3.3 Business Committee (Audit and Finance)

At this time TAMAT has not set up a separate Audit Committee as this is only a requirement for trusts with an annual income over £50 million. The functions of an Audit Committee will be met by the Business Committee which will include all of the trustees. The main responsibilities of this Committee include:

- to consider and make decisions on all financial and budgetary matters not delegated either to the Heads or CEO, including:
- the ratification of the annual budget for TAMAT and of any periodic review of budget monitoring reports;
- all finance policies;
- regular review and update of the Trust’s risk register;
- approval of procedures for tendering decisions on expenditure items above £30,000;

- receipt of all reports from the Accounting Officer;
- annual review of the FMGS;
- the review and appointment of an external auditor in accordance with the ESFA Financial Handbook 2018 (“FH”);
- establishing a process for independent checking of financial controls, systems, transactions and risks;
- review the Internal Assurance Check which is produced annually by the auditors.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies.

3.4 Accounting officer

The AO will also serve as the Chief Executive Officer of TAMAT, who will provide strategic and operational leadership to the Trust.

The AO has a personal responsibility to Parliament and to the Accounting Officer of the ESFA for the resources under the Trust’s control. The Accounting Officer is able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly:

- To ensure **value for money** to achieve the best possible educational outcomes through the economic, efficient and effective use of resources
- To ensure **regularity** when dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust’s funding agreement and compliance with the Trust’s internal procedures
- To ensure **propriety**, the requirement that expenditure and receipts should be dealt with in accordance with Parliament’s intentions and the principles of parliamentary control
- To complete and sign a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts
- Demonstrating how the Trust has secured value for money via the governance statement in the audited accounts
- To take personal responsibility for assuring the Trust that there is compliance with the handbook and the funding agreement
- To advise the Trust in writing if the Trust appears to be failing to act where required to do so by the terms and conditions of the policy or funding agreement. If the accounting officer considers that the action proposed by the Trust is in breach of the articles, the funding agreement or this policy, the accounting officer will notify the ESFA’s accounting officer immediately, and in writing.

The AO should evidence that their responsibilities are met through regular meetings with the CFO to verify that financial systems and procedures are in place and have been followed, and that the appropriate period end procedures have been undertaken as specified in Appendix X.

The AO receives an annual “Dear Accounting Officer” letter from the ESFA clarifying their key responsibilities. This must be shared with the CFO, SLT and board of trustees/governors and any necessary action will be taken to strengthen the Trust’s system.

3.5 Chief Finance Officer

The CFO should play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts, including liaison with the external auditors. The CFO must have the skills, knowledge and experience to contribute to the management of the Trust.

Other responsibilities of the CFO include:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the maintenance of effective systems of internal control; and
- ensuring forms and returns are sent to the ESFA in line with the timetable in the DfE/ESFA guidance.

The CFO should complete the checklist in Appendix X to ensure that their ongoing and monthly responsibilities are being met. This will help verify that financial policies and procedures are being adhered to and the Trust is producing and monitoring accurate and timely financial records.

3.6 Contracts and Procurement Officer

The Procurement and Contracts Officer will provide administrative support to the CEO and Executive Team in all areas of Procurement & Contractual agreements.

Their principle responsibilities will be as follows:

- To oversee the Trust’s assets and procurement policies
- To develop and maintain a Trust Contracts Register
- To oversee the preparation of all new TAMAT contracts and liaise with Heads, BMs and the CEO to fulfil all statutory regulations around safer recruitment
- To work with Academy Heads and BMs to establish and maintain local risk registers that inform the overall TAMAT risk register
- To ensure that each academy maintains a register of its fixed assets and that the assets are properly valued and appropriately insured
- To ensure that the requirements for Public Sector procurement are met and that academies work within the Trust Scheme of Delegation in this area
- Work with the Executive Team and local BMs to identify opportunities for collective purchasing and the pursuit of best value for money

3.7 Head Teachers

Within the framework of the Academy development plan as approved by the Trust the Head has overall executive responsibility for the Academy's activities including financial activities. Much of the financial responsibility will be delegated to the CFO but the Head still retains responsibility for:

- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;
- Authorising orders and the award of contracts within the approval limits of the scheme of delegation
- Authorising payments within the approval limits of the scheme of delegation
- Ensuring procedures are in place so that all sources of finance are accounted for and that book keeping and other records held in the Academy are fit for purpose
- Ensure that school budget holders act within the authority provided to them in the scheme of delegation
- Monitoring the regular budget reports with the CFO and acting upon overspends or risks

3.8 All staff members

All staff members are:

- appropriately qualified and/or experienced
- responsible for:
 - the security of Trust/academy property
 - avoiding loss or damage
 - ensuring economy and efficiency in the use of resources
 - conforming with the requirements of the Trust's financial policies and procedures
 - reporting any misuse of Trust/academy property or resources to their line manager

4. Financial Planning

TAMAT has prepared financial plans to secure the short-term and medium-term financial sustainability of the MAT. A balanced budget for all funds, which can draw on unspent funds brought forward from previous years, will be submitted to the ESFA in line with the ESFA timeline and following their template.

The medium term financial plan is prepared as part of the development planning process. The Strategic Plan indicates how the Trust/Academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust/Academy and the planned use of those resources for the following year.

The development planning process and the budgetary process are described in more below.

4.1 Trust Strategic Plan and School Development Plan

The Trust Strategic Plan outlines the strategies that the trust will develop to deliver its mission and vision over a five year period. Individual School Development Plans are aligned to this overall plan and enable each academy to track their progress against the shared mission and vision as well as processes put in place to meet the bespoke needs of pupils within each school. Local Governors monitor performance against milestones across the year. Trustees monitor annual targets against the five year strategic plan.

The content of each School's Development Plan will be proposed by the Headteachers and agreed by the local academy board giving due regard to the matters included within the guidance to Academies and any annual guidance issued by the DFE. Resource costs will be set against local budgets, which will then be consolidated in an overall budget by the CFO.

Local Governors will review performance against agreed milestones at least termly and through their individual monitoring visits.

Trustees will hold the CEO to account for the overall financial and educational standards of the trust and in meeting targets as laid out in the strategic plan.

Governors and Trustees will work with Heateachers and the CEO respectively to review strategy and impact in the strategy meetings as outlined in the governance schedule of meetings.

In these meeting they will undertake:

- *A review of past activities, aims and objectives - "did we get it right?"*
- *Definition or redefinition of aims and objectives – "are the aims still relevant?"*
- *Development of the plan and associated budgets – "how do we go forward?"*
- *Implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course"*
- *Feedback into the next planning cycle – "what worked successfully and how can we improve?"*

4.2 Annual Budget

The CFO is responsible for preparing and obtaining approval for the annual budget from the Trust Board. The approved budget must be submitted to the ESFA each year as advised by them and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The CFO will work with the CEO, the Heads, BMs and Contracts Manager in developing the budget, with further guidance being provided by the Trust Board and LABs.

The annual budget will reflect the best estimate of the resources available to each Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of DfE grant receivable
- Review of other income sources available to the Trust/Academies to assess likely level of receipts
- Review of past performance against budgets to promote an understanding of the Trust/Academy's cost base
- Identification of potential efficiency savings
- Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

4.3 Balancing the Budget

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

4.4 Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the BMs (at Academy level) and the CFO (at MAT level) for agreement by the Heads, and LABs; and approval by the Trust Board. The CFO is responsible for amalgamating individual school budgets into a single MAT budget. The approved budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should be accompanied by a statement of assumptions and hierarchy or priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

4.5 Monitoring and Review

Monthly reports will be prepared by the BMs (at Academy level) and CFO (at MAT level). The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Head and the Trust Board.

Any potential overspend against the budget must in the first instance be discussed between the Head and the BM or CFO. Systems should be implemented that will not allow payments to be made against an overspent budget without the approval of the CFO.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or contingency. All budget virements must be authorised as shown in the Scheme of Delegation.

4.6 Managing Surplus General Annual Grant/Reserves

TAMAT funding is based on pupil census data and is committed to using its allocated GAG funding for the full benefit of its current pupils. Any surplus balances, apart from a contingency of a maximum of 7.5% of GAG funding (equivalent to a month's payroll) will be supported by a clear plan for their use in the near future to benefit the pupils. This will include funds set aside for replacement of capital items, such as ICT infrastructure or premises development, and allowance to cover the principle risks facing the school, including reductions in pupil numbers or school funding levels. This plan is detailed in our *Reserves Policy* and is integrated with the budget plans to support the short-term and long-term financial sustainability of the MAT.

4.7 Investments

The board of trustees may invest to further their Trust's charitable aims, but will ensure that investment risk is properly managed. When considering making an investment the board of trustees will only act within their powers to invest as set out in TAMAT articles of association.

TAMAT's Investment policy is to invest all funds surplus to immediate requirements to optimal effect with the objective of ensuring maximum return on assets invested but with minimal risk.

4.8 Intra-Academy Loan Transfers for Operational or Capital Expenditures

The board of Trustees has agreed that intra-academy loans can be used to fund legitimate educational and operational expenses including capital projects. All of these short term intra-academy loans will be properly documented through board minutes and will include amount owed and repayment terms.

Intra-academy loans will be used solely for the temporary assistance of academies within the MAT and will not be provided to any other external organisation. The academy that will provide the proposed intra-academy loan should have excess funds to meet all recurring obligations and will retain minimum reserves requirements in accordance with this finance policy.

Academy requests for intra-academy loans for operational purposes must provide a detailed breakdown of reasons why the funds are needed, the amount, and the repayment plan. Highlighting the significant factors that have arisen for them to require this temporary assistance.

They must also state what measures the Academy has put in place to ensure budgets are being balanced in the future and reflect this within future cashflow projections.

Academy requests for intra-academy loans for capital projects must provide a detailed breakdown of costs, expected revenue streams, repayment plan and how the project will benefit the education of the pupils within the Academy. Capital projects must follow the MAT's procurement process as detailed within this Finance Policy.

The CFO shall coordinate all intra-academy transactions involving the transfers and deposit of intra-academy funds. The CFO will be responsible for ensuring proper documentation is in place verifying the source and amount being transferred.

The CEO is responsible for the review and approval of all intra-academy fund transfers.

The CFO will provide an appropriate repayment plan that will be incorporated into the intra-academy loan item reported to the trustees for review and approval.

4.9 Accounting Systems

All the financial transactions of TAMAT must be recorded on the PS Financials financial management system.

4.9.1 System Access

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

4.9.2 Back-up Procedures

TAMAT will ensure that the finance system is backed up appropriately and disaster recovery procedures are in place.

4.9.3 Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual which reflect the SoD. The procedures for the operation of the purchase ledger and the sales ledger are included below and detailed information on the operation of the system can be found in the user manuals.

All journal entries must be documented and authorised by the designated officer prior to input into the PS Financials accounting system, and the system-generated reference should then be recorded on the documentation.

Bank transactions should be inputted by a different member of the academy finance team and the input should be checked and signed to evidence this check by the designated officer.

4.9.4 Reconciliations

The CFO is responsible for ensuring the central bank account reconciliation is performed each month and is reviewed and signed off by the CEO and that any reconciling or balancing amounts are understood and cleared. In addition, the payroll and income grant receipts will also be reconciled on a monthly basis.

Any unusual or long outstanding reconciling items must be brought to the attention of the CEO. At any time, any member of the Board, or the Chair of an LAB can ask to see that those reconciliations have occurred.

5. Income Generation

The main sources of income for each Academy are the grants from the ESFA. The receipt of these sums is monitored directly by the CFO who is responsible for ensuring that all grants due to each Academy are collected.

Each Academy may also obtain income from the following:

- School trips, catering or music tuition in relation to students
- Wrap around care - parental contributions for morning and afternoon care
- Lettings and hire charges – please see TAMAT’s separate Lettings Policy
- Consultancy services provided to other academies and schools
- Other organisations – grant applications and donations

5.1 Charging and Remissions

Each Academy has in place its own Charges and Remission Policy.

5.2 Sales Invoices

Invoices should be raised by the ABM/ CFO where the academy provides a service, the standard terms for payment is within 30 days, unless it is a condition of the service that payment is received first.

- Parental contributions & donations are normally requested in advance
- After school clubs should be paid in advance or arrangements should be in place to accept payments by standing order or childcare voucher
- Early year provision should be paid in advance or arrangements should be in place to accept payments by standing order or childcare voucher
- All lettings should only be confirmed on receipt of a booking form

Organisations should be instructed to send payment to the relevant Academy/Trust.

5.3 Custody

Official, pre-numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit.

Monies collected must be banked in their entirety in the appropriate bank account. The BM (at academy level) and CFO (at MAT level) is responsible for preparing monthly reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

TAMAT encourages all Academies to not use cash and to use ParentPay/ParentMail where possible. If cash is received, then the procedures set out above should be followed.

5.4 Bad Debts

The Office Managers/BMs should review monthly reports from PS Financials and pursue all monies that are outstanding more than 30 days. This should initially be in writing but may be followed up by phone calls or a face to face conversation. Once a debt is outstanding for 60 days the matter should be dealt with by the Head and escalated as required. Authority to write off bad debts is documented in the TAMAT scheme of delegation.

6. Banking and Cash Handling

6.1 Bank Facilities

The Trust's bank mandate is subject to annual review by the Business Committee. The Trust bank account is with Lloyds Bank. It is a centralised bank account with a reserve account. Each Academy maintains a School Fund Account at Lloyds.

6.2 BACS

BACS payments are made by the CFO. The BACS payment must be authorised by two authorised personnel, the CFO and the CEO. In the absence of the CEO, the Chair of the Trust Board has authority to sign. Approval levels are set out in the SoD.

6.3 Authorised cheque signatures

It is expected that nearly all payments will be made via BACS. Where this is not possible, then the following arrangements for cheques apply. All cheques will be signed by two authorised members of staff. The bank has been informed that the school is not allowed to borrow

funds and that no account is allowed to become overdrawn. All chequebooks are held in the safe and pre-printed cheques are held in a locked cupboard. On receipt of new cheques their numbers are recorded.

6.4 Business Charge Cards

The OM/BM is authorised to use the Charge Card provided agreement for spending has been given by the Head. The CFO distributes the monthly statements to the OM/BMs who are responsible for collecting receipts and reconciling these receipts to the statement at the end of each period. This reconciliation should be reviewed by each Head.

There is a limit of £1,000 on all Charge Cards for both single items and the overall card limit.

6.5 Petty Cash

All Academy schools should be cashless and therefore no petty cash will be held. Should a member of staff require reimbursement for any expense where it has not been possible to utilise the approved suppliers or the Business Charge Card, approval should be sought from the relevant budget holder. Once approval has been gained, the expense will be processed via the finance system and paid by BACs to the employee.

7. Expenditure

The Trust is accountable for the way in which its resources are allocated to meet the objectives set out in each Academy's school development plan. Each Academy within TAMAT needs to secure the best possible outcome for pupils sustained in the most efficient and effective way, at a reasonable cost. This means that all expenditure needs to equip the Academy with the resources that are needed in the correct quantity and quality and in a timely manner. Staff should be deployed to provide best value in terms of quality of teaching, quality of learning, staff student ratio and curriculum management.

A large proportion of all expenditure will come from public funds, so to maintain the integrity of these funds each Academy will adhere to the general principles of:

- Probity – it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy;
- Accountability – the Academy is publicly accountable for its expenditure and the conduct of its affairs; and
- Fairness – all those dealt with by the Academy should receive fair and equitable treatment.

7.1 Routine Purchasing

Routine purchases up to £100 can be requested by any budget holder. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the OM/BM. A quote

or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the OM/BM.

A Purchase Requisition must be created for all orders. Requisitions must bear the signature of the budget holder and must be forwarded to the Administration Officer who will check to ensure adequate budgetary provision exists. A Purchase Order is then created. This is then authorised on the system following the SoD, before any order can be placed.

On receipt the Administration Officer must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

All invoices should be sent to the School Office in a timely manner. The invoices will be passed to the Administration Officer/BM/OM to be certified. The Administration Officer/BM/OM will then input the invoices onto the Finance System.

The LAB must approve any expenditure above £5,000 for which there is no budget.

7.2 Quotations and tenders

At least three written quotations should be obtained for all orders between £3,000 and £30,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the Contracts Manager for audit purposes. Telephone quotes are acceptable if these are evidenced and emailed confirmation of quotes has been received before a purchase decision is made.

All goods/services ordered with a value over £30,000, or for a series of contracts which in total exceed £30,000 must be subject to formal tendering procedures and put before the Trust Board. Competitive tendering can be considered below this figure, in the interests of best value.

The preferred approach to tender is for Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- There is a need to maintain a balance between the contract value and administrative costs,
- A large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy's requirements,
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

The invitation to tender should state the date and time by which the completed tender document should be received by the Academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after

the submission deadline should not normally be accepted.

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders. A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Full records should be kept of all criteria used for evaluation and for contracts over £30,000 a report should be prepared for the Business Committee highlighting the relevant issues and recommending a decision. For contracts under £30,000 the decision and criteria should be reported to the LAB.

The accepted tender should be the one that is economically most advantageous to the Academy. All parties should then be informed of the decision.

7.3 Contract management

All contracts are listed with the relevant expiry dates. This is reviewed annually, by the TAMAT Contracts Manager, when the budget is set to determine which contracts are due for renewal in the coming year. This supports a timely, appropriate procurement process that affirms the aims of economy, efficiency, and effectiveness.

7.4 Leases

TAMAT is aware that it may only enter into Operating Leases e.g. rental agreements. TAMAT will ask for the Secretary of State's consent if it wishes to:

- take out a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
- take up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years
- grant a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than five years.

7.5 Borrowing

TAMAT is aware that it must seek the ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

Business Charge cards will only be used for business (not personal) expenditure, and balances cleared before interest accrues .

8. Payroll

8.1 Staff Appointments

Each LAB has approved an overall staff establishment for each Academy. Changes can only be made to each individual academy establishment with the express approval in the first instance of the LAB who must ensure that adequate budgetary provision exists for any establishment changes.

The Head in consultation has authority to appoint staff acting in accordance with Recruitment & Selection Policy and within the authorised establishment (except for Head of School, Deputy & Assistant Headteacher and the BM whose appointments must follow the levels of delegation as set out in the Scheme of Delegation).

The BM maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Heads immediately, who will then pass these on to the BM.

8.2 Staff Leavers' Process

Staff must submit a letter of resignation to the Academy Head or CEO, stating their intended last day in post. This applicable notice period should be checked against their contract of employment and then the resignation should be authorised by the Head or CEO. A leaver form stating the last day of employment must be completed by the BM/CFO and a copy placed on their personnel file. Surrey Payroll should then be notified. Finally, a Leaver checklist should be completed and a leaver exit interview carried out by the relevant line manager.

8.3 Payroll Administration

The Academy payroll is administered by the Surrey Payroll and payroll transactions are entered into the accounting system from the reports provided by them. All staff are paid by BACS monthly through Surrey Payroll.

8.4 Preparation of the monthly payroll

Before the monthly payroll run, the BM should submit reports to Surrey Payroll with details regarding new appointments, overtime payments, absences and contractual changes. All these changes must be signed off by the respective line managers and the final submissions must be authorised by each Head.

Once the payroll run has been completed the BM should post the payroll onto the system and

reconcile the amounts against the budget. Variances should be highlighted and reported to the Head.

In line with the DfE requirements, the BM must carry out an annual School Workforce Census at each Academy which checks that every teacher has had an appraisal, relevant pay increases have been met and absence procedures have been followed and recorded.

8.5 Pay policy

Each Academy currently maintains their own pay policy.

9. Connected Party Transactions

Connected Party Transactions are goods or services provided by individuals or organisations connected to the Trust. In order to ensure that there can be no real or perceived conflicts of interest TAMAT has adopted a policy in line with the Academy Handbook in which TAMAT will pay no more than 'cost' for goods or services ('services' do not include services provided under a contract of employment) provided to it by the following persons:

- any member or trustee of TAMAT
- any individual or organisation connected to a member or trustee of TAMAT. (See the Academies Financial Handbook for more information).

9.1 Documentation

TAMAT will ensure that any agreement with an individual or organisation connected to a member or trustee, as defined above, to supply goods or services to the Trust is properly procured through an open and fair process and is:

- supported by a statement of assurance from that individual or organisation to the Trust confirming that their charges do not exceed the cost of the goods or services, and
- on the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply

9.2 Governor Allowances

TAMAT will reimburse Trustees/Governors for actual costs incurred in carrying out their duties, this is to ensure that a governor is not out of pocket where the Academy as derived a benefit from such outlay. All expenses should be agreed by the LAB prior to expenditure.

10. Novel and/or contentious transactions

Novel payments or other transactions are those of which TAMAT has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those that might give rise to criticism of the Trust by Parliament and/or the public and/or the media. Novel and/or contentious transactions will always be referred to the ESFA by the Board of Trustees for explicit

prior authorisation. Repercussive transactions are those which are likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

11. Delegated Authority – Special payments to staff

11.1 Staff severance payments

Non-contractual payments at the end of employment would only be paid if TAMAT has concluded that the payment represented the best value for money compared to other options. The business case for such payments would be fully documented and the guidance issued by the ESFA will be followed.

11.2 Compensation payments

TAMAT will make appropriate compensation payments to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property. If the Board of Trustees is considering making a compensation payment, it will base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved. ESFA approval will be obtained where necessary.

11.3 Ex gratia payments

Ex gratia payments are a type of transaction that goes beyond statutory or contractual cover or administrative rules e.g. payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy. Ex gratia transactions will always be referred to the ESFA by the Board of Trustees for prior authorisation

11.4 Gifts and Hospitality

Staff, governors (including trustees and members) need to take care that they do not accept any gift/offer of hospitality that might be construed as a bribe by others, or lead the giver to expect preferential treatment. However, there may be occasions where pupils/students or parents wish to give a small token of appreciation to staff, for example at religious festivities or at the end of the year.

It is unacceptable to receive gifts on a regular basis or to suggest to pupils /students that gifts are appropriate or desired. Money must not be accepted as a gift. If you are unsure whether to accept a gift you should consult your line manager.

Staff must not accept significant gifts of more than a value of £50 or hospitality from pupils, parents, carers, actual or potential contractors or outside suppliers. All such gifts/offers of hospitality should be reported to your line manager and recorded. A gift collected by a class rep on behalf of all parents may exceed the sum of £50 and this would be acceptable.

Personal gifts must not be given by staff to pupils/students and any reward to pupils/students should be in accordance with Academy's Behaviour Policy, recorded and not based on favouritism.

12. Fixed Assets Accounting

12.1 Fixed Asset Register

Each Academy within the Trust will maintain a fixed asset register. The aim of a fixed asset register is to:

- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- Manage the effective utilisation of assets and plan for their replacement;
- Assist the external auditors to draw conclusions on the annual accounts and each Academy's financial system; and
- Support insurance claims in the event of fire, theft, vandalism or other disasters. The fixed asset register shall consist of a list of items (or specific groups of items purchased within the accounting period) valued over £250 that are considered to have a life longer than the financial year they were purchased in. Capitalised assets are not necessarily bought on one order; so long as a group of items is purchased within the same accounting period they may be capitalised.

Fixed assets are categorised as follows:

- Land and buildings;
- Plant and machinery;
- Furniture and equipment;
- Computer equipment and software;
- Assets under construction

The asset register should, as a minimum, include the following information:

- Asset description;
- Serial number (if applicable);
- Date of purchase (where purchased after Academy conversion date);
- Asset cost;
- Source of funding (if purchased after conversion (% of original cost funded from DfE grant and % funded from other sources);
- Current book value (if applicable);
- Location

All working papers for the purchase of assets, including invoices, will be retained for at least 7 years

12.2 Security of assets

Stores and equipment must be secured by means of physical and other security devices. All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board of Trustees.

12.3 Depreciation

Non-current assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset. Depreciation will be calculated on an annual basis for preparation of the year end accounts, in accordance with advice and guidance from the Trust's accountants.

12.4 Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the BM and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid. The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid. If the sale proceeds are not reinvested then the Academy must repay to the ESFA a proportion of the sale proceeds. All disposals of land must be agreed in advance with the Secretary of State.

12.5 Loan of Assets

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

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a "benefit-in-kind" for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

13 . TAX

13.1 VAT

Operating a state funded Academy Trust is a non-business activity for VAT purposes (outside the scope of VAT). Other activity, not related to the core purpose of state education, is considered “business activity”, and is likely to be a combination of tax exempt business activity and taxable business activity.

TAMAT is registered for VAT as reclaims VAT on its educational activities, via a VAT 100 form. Adjustments must be made to the total amount of VAT reclaimed to reflect any expenditure on other (non-business) activities. (e.g. staff meals, expenditure associated with lettings, etc). The advice of the Trust’s accountants should be taken regarding how this adjustment should be calculated.

VAT receipts must be obtained for all transactions where VAT is incurred.

13.2 Self Employed

All payments to individuals should normally be made through the payroll system, except if:

- The payment is for reimbursement of receipted expenses;
- The payment relates to payment of mileage claims where the rate to be paid is below the threshold set by the Inland Revenue;
- The individual is self-employed and can prove that they are registered with the Inland Revenue through provision of their UTR. Each Academy should also satisfy themselves that their relationship with the individual is indicative of self-employment, using the employment status tool available at www.gov.uk/guidance/employment-status-indicator
- Individuals working through their own company will be subject to additional checks to ensure compliance with the IR35 regulations.

14. Insurance

The Trust reviews all risks annually to ensure the cover available and the sums insured are adequate. The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance. The Trust will not give any indemnity to a third party. The Trust will immediately advise the insurers of any accident, loss of other incident which may give rise to an insurance claim.

15. Accounting Adjustments

TAMAT prepares accruals accounts, giving a true and fair view of the Trust’s use of resources, in accordance with existing accounting standards. Prepayments and accruals are recorded on a monthly basis where the effect of not doing so would distort the management accounts in a material manner. All other accounting adjustments are reflected at year end.

16. Fund Accounting

Equity is represented in TAMAT accounts by the Retained Earnings b/f (Fund Balances) and the in-year Income and Expenditure account balance. Equity that does not represent current assets or liabilities e.g. Fixed Asset and Pension Liability (reserve) are clearly earmarked in separate restricted Funds.

A schedule of income recognition is held indicating how income received and associated expenditure is treated within TAMAT accounts, where the source of the income is additional to or being treated differently from the treatment indicated below:

- Unrestricted fund – this contains resources which can be spent on any purpose at the discretion of the trustees, within the objects of TAMAT as set out in its governing documents. It will include income from lettings, private music tuition, after Academy clubs, donations with no restrictions etc.
- Restricted general fund – this contains revenue (running costs) resources that can only be spent for particular purposes. It would include the incoming resources and the related expenditure from the ESFA General Annual Grant (GAG), including: Academy budget share, minimum funding guarantee, education services grant, allocation protection, pupil premium, other government revenue grants, including local authority funding for high needs pupils and donations with restrictions attached (i.e. received for specific purposes)
- Restricted fixed asset fund – this must equate to the net book value (NBV) of the fixed assets on the Balance Sheet. Related expenditure i.e. depreciation will be charged to this fund ensuring that this remains the case. The fund does not represent working capital, but incoming resources, and subsequently their NBV.
- Income that has been received for the purpose of purchasing resources that will enhance the value of the Fixed Assets e.g. ESFA and other government capital grants are reflected in this fund but for clarity regarding working capital this income is held in an additional restricted fund pending related expenditure taking place and is then transferred to the Fixed Asset Fund at the point that the Assets are recognised on the Balance Sheet.

17. Retention of Finance and Payroll Records

All records relating to the Financial Management of TAMAT are retained in line with the Information and Records Management Society “Records Management Toolkit for Schools” and the Records Management Policy contained within this.

18. Whistleblowing

TAMAT has a policy in place for whistleblowing and ensures via the TAMAT website that all staff are aware to whom they can report their concerns, and the way in which such concerns will be managed.

19. Risk Management

TAMAT has made a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. It has recognised and is managing present and future risks to ensure continued and effective operation.

APPENDIX

MONTH END PROCEDURES

This guidance has been produced to ensure the same process is adhered to in each academy school and is compliant with audit responsibilities.

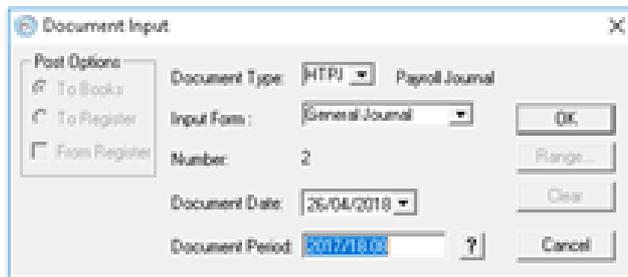
- 1) School's will be sent their Payroll Statement from SCC Payroll Statement prior to pay day. When this report is received, the following reports should be printed:
 - Cost of Employment (Tab 3)
 - Monthly & YTD Totals (Tab 4)
 - Monthly Statement (Tab 6)



- 2) Using the Cost of Employment report (Tab 3) reconcile each payment to your staffing profiling (e.g. update the Staff Calculators) and check overtime/unpaid leave etc... is correct against the SAR/SVR returns.
This reconciliation documentation and report should be printed ready for checking and signing by the Headteacher.
- 3) Log in to PSF Accounting and add a document.



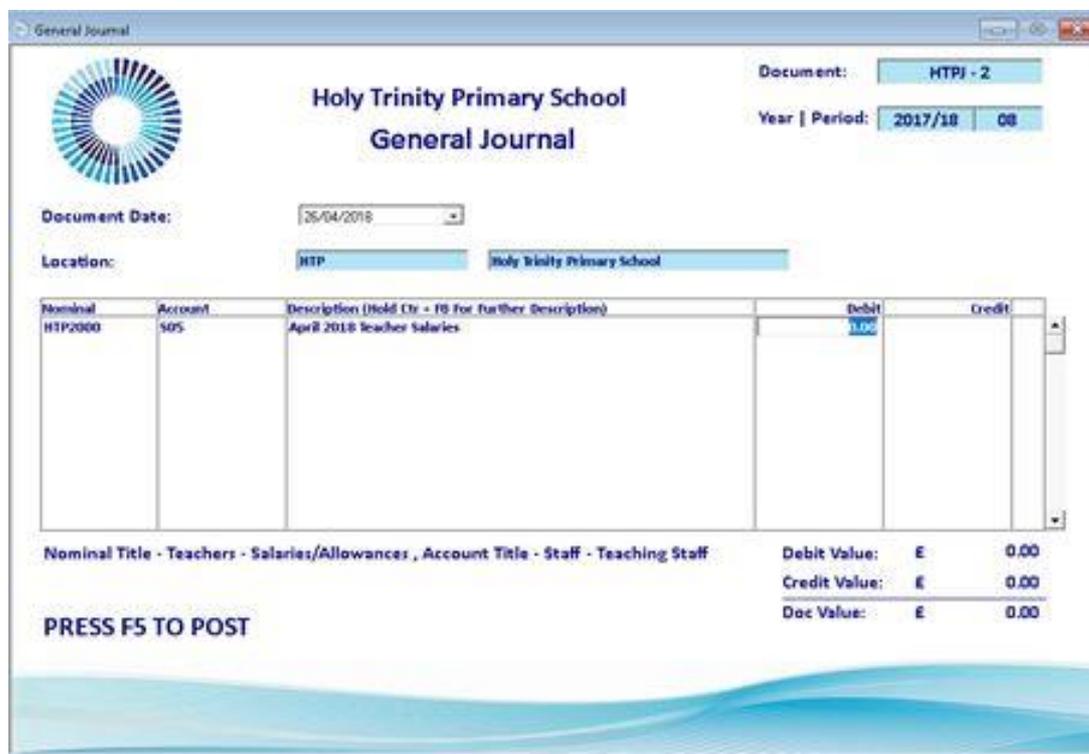
- 4) The document type should be PJ (for Payroll Journal), document date must be payday (this is very important for bank reconciliation purposes) and the period should be the payroll month.



- 5) Using the Monthly and YTD Totals report (Tab 5) post all of the payroll transactions that have taken place.

When looking at the Monthly and YTD Totals report, it is important that you only ever use the Monthly column. The YTD column will not be in line with TAMAT as it reflects Surrey payrolls financial year running April-March.

Please also remember that the nominal codes in PSF differ from the ledger codes that are on the Monthly report sent from Surrey. All costs are debits in the journal.



Nominal	Account	Description (Hold Ctrl + F8 for further Description)	Debit	Credit
HTP2000	505	April 2018 Teacher Salaries	1.00	

Nominal Title - Teachers - Salaries/Allowances, Account Title - Staff - Teaching Staff

Debit Value: £ 0.00
Credit Value: £ 0.00
Doc Value: £ 0.00

PRESS F5 TO POST

- 6) Once all of the transactions on the Monthly & YTD totals report have been entered, values from the Monthly Statement report (Tab 6) need to be entered.

At this time, these costs should be credited to the Balance Sheet Control Accounts.

Using the Monthly Statement Report, the values in the following cells need to be added to the journal:

- a) BACs total credited to Balance Sheet Net Wages Control Nominal (LLL9525)
- b) Teacher Pension Total to Balance Sheet Teachers Pension Control Nominal (LLL9530)
- c) Local Government Total to Balance Sheet LGPS Control Nominal (LLL9535)
- d) Payroll Balance Total to Balance Sheet PAYE/NI Control Nominal (LLL9550)

If you have a value in the AVC box, this total must also be journaled to the correct Control Account. Please check the payslip report (Tab 7) for any AVC payments. It is likely that these will be posted to either the Teachers' Pension Control or the LGPS Control, however please ask if you have any queries.

Any Caretaker Rent received through payroll should also be journaled as a credit to the appropriate Lettings nominal and cost centre (not a control account).

TAMAT Finance Procedures Test		Apr-18		Payroll Statement		
Gross Pay	£ *****	cheques to be issued by Holy Trinity Primary School				a)
Employers NI	£ *****	BACS				b)
Employers Pension	£ *****	cheques to be issued by school				c)
Total Payroll Cost	£ *****	Total Net	£ *****			
Pension	Employee	Employers	Total			
Teachers	£ *****	£ *****	£ *****			
Local Government	£ *****	£ *****	£ *****			
Other Scheme	£ -	£ -	£ -			
Other Scheme	£ -	£ -	£ -			
AVC	£ *****	£ -	£ *****			
Added Years	£ -	£ -	£ -			
Family Benefits	£ -	£ -	£ -			
Total	£ *****	£ *****	£ *****			
£ *****		will be debited from your account on		4-May-18		
Payroll Balance						
Total Cost			£ *****			
Less Pension			£ *****			
Less Net Pay			£ *****			
Less BACS advances made by school	£ -					
Apprentice Levy	£ -					
Payroll recoveries	£ -					
Recalled BACS	£ -					
Total			£ *****			d)
£ *****		will be debited from your account on		16/5/2018		
Payroll Service Charge						
Termly Charge (due March, July, December)	£ -					
Manual Payment Charge	£ -					
Annual Flex Benefit Charge	£ -					
Annual Cycle to Work Charge	£ -					
Academy Set Up Charge			£ *****			
Charge before VAT			£ *****			
VAT @ 20%			£ *****			
Total Payroll Charges Due			£ *****			
£ *****		will be debited from your account on		23-May-18		

Balance Breakdown		
WT	Description	Amount
	Total Balance from Left	£ *****
/301	Employee NIC	£ *****
/302	Employer NIC	£ *****
/501	Tax paid	£ *****
/CSL	CSL Student Loan Ded	£ *****
4500	Unison	£ *****
6505	Childcareplus	£ *****
9003	CCPlus Service Charge	£ *****
AL	Apprentice Levy	
	Difference	£ -

- 7) Once you have posted all of these entries, ensure the journal balances and then post (F5). Print a copy of the journal and attach to the Monthly and YTD report and Monthly Statement report.
- 8) Present the salary reconciliation and payroll journal to the Headteacher for signature. Once signed file ready for audit.

Payroll Checklist

1	<p>Open Payroll Statement email received from Payroll Services and print the following:</p> <ul style="list-style-type: none"> - Cost of Employment Report (Tab 3) - Monthly and YTD Totals Report (Tab 4) - Monthly Statement Report (Tab 6) 	
2	<p>Reconcile the Cost of Employment Report to:</p> <ul style="list-style-type: none"> - Staffing Profiles (e.g. Salary Calculators) - The SAR/SVR Returns <p>Raise any anomalies with Payroll Services. Print and sign.</p>	
3	<p>Open PSF Accounting Module and add a document. Either click on the icon with a piece of paper and little green cross or go to Options>Document Input.</p>	
4	<p>Add a Payroll Journal Ensure that the Document Date is the actual staff pay day Ensure that the Document Period is the month that the pay day falls in.</p>	
5	<p>Post all costs detailed in the Monthly and YTD Report as debits.</p>	
6	<p>Post the relevant costs for the following as credits to the appropriate Control Accounts:</p> <ul style="list-style-type: none"> - BACs value to Net Wages Control - Teacher Pension Total to Teachers Pension Control - Local Government Total to LGPS Control - Payroll Balance Total to PAYE/NI Control <p>Post any Caretaker rents as a credit to the appropriate Letting nominal and cost centre.</p> <p>Post any AVC (additional Voluntary Contributions) as credits to the appropriate control accounts (usually Teacher Pension or LGPS).</p>	

7	<p>Once the journal balances, press F5 to post. If the journal doesn't balance investigate the differences.</p> <p>Print the Journal, sign and attach to the Monthly and YTD Totals Report and the Monthly Statement Report.</p>	
8	<p>Present the salary reconciliation and signed journal to the Headteacher for review and signature. Once signed, file for audit.</p>	