



**South Manchester
Learning Trust**

Trust Wide Policy

FINANCIAL MANUAL AND PROCEDURES

Date of Board Approval:

20 February 2019

This is the Financial Manual and Procedures to comply with the Education Funding Agency Academies Financial Handbook and Funding Agreement. This document should be read in conjunction with the Academies Financial Handbook and Funding Agreement.

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1. Background

The purpose of this policy and associated procedures is to ensure that the South Manchester Learning Trust ("the Trust") maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's Funding Agreement with the Department for Education (DfE).

The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that and provides detailed information on the Trust's accounting procedures. It should be read by all staff involved with financial systems.

This policy relates to all of the Trust's academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.

This policy is designed to be consistent with:

- EFA Financial Handbook
- Trust Articles of Association and Scheme of Delegation
- Master and Supplemental Funding Agreements
- HM Treasury's "Regularity, Propriety and Value for Money".

2. Organisation and Responsibility

The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. Any role undertaken by the Business Manager or Finance Officer can be undertaken by the Business and Finance Director. The financial reporting structure is outlined below:

Trust Board of Directors

The Trust Board of Directors has overall responsibility for the administration of its academies' finances and the effectiveness of internal controls.

The main responsibilities of the Board are prescribed in the Trust Articles of Association, the Funding Agreement between the Trust and each of its academies with the Department for Education (DfE) and the Scheme of Delegation.

The Board set the strategic objectives of the Trust and Academies and all Financial Policies and Procedures to ensure there are appropriate financial controls, so that there is regularity, probity and value for money in relation to public funds.

It is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters in relation to finance, as:

- finance policy development and strategic planning;
- ensuring sound management and administration of the Trust and its academies and ensuring that managers are equipped with relevant skills and guidance;
- ensuring compliance with general legislative requirements;
- establishing and maintaining a transparent system of prudent and effective internal controls;
- management of the Trust's financial, human and other resources;
- monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon;
- setting the Trust's standards of conduct and values;
- assessing and managing risk, (including the preparation of a statement on academies risk management, for its annual report and accounts);
- to hold to account each Principal and their staff.

The Chief Executive Officer

The Chief Executive Officer (CEO) is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money".

The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he / she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety or regularity.

The main responsibilities of the CEO include:

- the development of the annual budget;
- the development of medium term financial planning
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act and the DfE guidance issued to academies;
- ensuring that the regular reports provided to the Board are timely and accurate;
- authorising orders and the award of contracts
- authorising payments within the approval limits
- authorising changes to the Trust's personnel establishment.

The Trust's Principals

Within the framework of the Academy Improvement Plan (AIP), each academy Principal has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Business and Finance Director and the Business Managers but the Principal still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for the Principals at each Academy which the Trust Board have agreed should be approved by them;
- authorising orders and the award of contracts within the approval limits;
- authorising payments within the approval limits;
- ensuring the delivery of the academy annual budget as approved by the Trust;
- monitoring the regular budget reports with the Business Manager/ Business and Finance Director and acting on overspends or risk.

The Business and Finance Director

The Business and Finance Director works in close collaboration with the CEO through whom he or she is responsible to the Trust Board. The Business and Finance Director has direct access to the Board.

The main responsibilities of the Business and Finance Director are:

- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board;
- 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 each academy;
- the preparation of budgets and medium term financial plans;
- ensuring returns to EFA and other funding agencies completed correctly and on time;
- ensuring returns to statutory agencies are completed;
- cash flow and treasury management including managing investments;
- functional management of Academy Business Managers;
- authorising orders and the award of contracts within the approval limits;
- authorising payments within the approval limits

The Business Manager

It is envisaged that each academy will have a Business Manager or a person who undertakes that role albeit with a different job title.

The Business Managers work in close collaboration with the Business and Finance Director.

The main responsibilities of the Business Manager are:

- the day to day management of financial issues
- the preparation of monthly management accounts;
- authorising orders and the award of contracts within the approval limits;
- authorising payments within the approval limits;
- ensuring that financial controls are working effectively at academy level

Other Staff

Other members of staff, primarily Finance Officers, Finance and Payroll Manager and budget holders will have some financial responsibilities and these are detailed in the 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 Trust's financial procedures.

Internal Audit Arrangements

The Internal Auditors are appointed by the Board (through the CEO) and provide Trustees with an independent oversight of the financial affairs.

The main duties of the Internal Auditors are to provide the Board with independent assurance that:

- the financial responsibilities of the Board are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained;
- risks are identified and appropriate actions put in place.

A regular programme of reviews is undertaken to ensure that financial transactions have been properly processed and that controls are operating effectively. South Manchester Learning Trust purchase this support from an education consultant, Jon Poole. A report of the findings from each visit will be provided to the Trust Board for review.

Local Governing Body (LGB)

The LGB is responsible for ensuring that it complies with the Funding Agreement, the Academies Financial Handbook and all Financial Policies and Procedures to ensure compliance with the Trust's financial and reporting requirements and the requirements of the Secretary of State.

The LGB will consult with the CEO and Business and Finance Director in respect of the Academy's requirements for the Academy annual budget, prior to the Trust annual budget being presented to the Trust Board for approval.

In order to fulfil the obligations placed upon it, the LGB has a Finance, Premises and Audit Committee which meets at least once a term and twice in the summer term. The full Governing Body meets at least once every half term. All Governor meetings

are minuted. The roles and responsibilities of the Finance, Premises and Audit Committee are included in each School's Governor Handbook.

Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the academy.

The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

The academy trust's register of interests must also identify close family relationships between members or trustees, and between members or trustees and the trust's employees.

The academy trusts is required to publish relevant business and pecuniary interests of local governors on their website.

3. Financial Planning and Monitoring

Budgeting Process

The Trust and each academy will prepare both medium term and short-term financial plans. Medium term is defined as a period of three years. The medium term financial plan is prepared as part of the Trust and Academy improvement planning process.

Careful planning, taking into account possible future staff changes, inflation and anticipated capital spend etc. to ensure that the monitoring of realistically determined budgets provide an accurate indicator of the School's economic health.

The Academy Improvement Plan (AIP) should form the basis of the budget, identifying educational priorities and has a strong focus on raising standards. It is therefore important that it indicates the resource implications of each priority to guide decisions on the budget. The AIP is concerned with the future aims and objectives of the Trust and each academy and how they are to be achieved; the Trust will set

overall core objectives which will be turned into specific objectives for each Academy.

The AIP will ensure that the Trust's objectives and targets are matched to the resources expected to be available. The format and content of the AIP will be set by the CEO and due regard should be given to any annual guidance issued by the DfE.

Annual Budget

The Business and Finance Director is responsible for working with the Principals, the Business Managers, LGBs and others to prepare a draft annual budget for consideration by the CEO. The CEO is responsible for the approval of the budget by the Trust. The approved budget must be submitted to the DfE by the specified date, and the Business and Finance Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. A financial calendar will be prepared which details all the submission dates required by the EFA.

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

Balancing the Budget

Each Academy should prepare a three-year budget forecast taking into account the current level of reserves, medium term projections and the need to invest to meet the longer term business plan.

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 in year one. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance and Business Director for approval by the CEO and the Board.

The budget should be accompanied by a statement of assumptions and hierarchy of 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.

The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

Monitoring and Review

Monthly reports of actual performance against budget with explanations of the main variances will be prepared by the Business Managers, supported by the Business and Finance Director. The reports will detail actual income and expenditure against budget for budget holders and at a summary level for the CEO, Principals, Business and Finance Director, Local Governing Body and Board of Directors. The Finance Officer issues monthly reports to each budget holder detailing budgeted and actual expenditure.

The process of monitoring actual expenditure against budget is continuous. Day to day responsibility for monitoring and control lies with each budget holder who must obtain prior approval from the Principal if they wish to exceed their budget allocation. The process is co-ordinated by the Business Manager. The accounting system will not allow orders to be raised against an overspent budget without the approval of the Business Manager.

A strict system of commitment accounting which continuously reviews the budget ensures that budgets are not exceeded without prior notice. 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. Monthly management accounts will always include a latest financial forecast for the year. All virements must be authorised as shown in Appendix 1 and reported to Governors and Trustees

4. Financial Administration

Accounting System

The Academy Trust's accounting system is computerised (Sims FMS6 and Tucasi). It is the School's policy that all staff involved with financial administration receives relevant training and are familiar with the operation of the computer. All financial transactions of the Trust must be recorded on this system.

Accounting Records

Only authorised staff; CEO, Principal, Business and Finance Director, Finance Staff are permitted access to the accounting records which are securely retained when not in use.

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

All accounting records including invoices, bank statements etc. are retained in hard copy for six years, plus the current year in a secure area.

System Access

Entry to the accounting systems is password restricted. Access to the component parts of the systems can also be restricted and the IT Network Managers are responsible for setting access levels for all members of staff using the system as prescribed by the Business and Finance Director.

Backup Procedures

The IT Network Manager at each academy is responsible for ensuring that there are effective back up procedures for the system.

Transaction Processing

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

Reconciliations of Balance Sheet Accounts

Business Managers are responsible for ensuring the following reconciliations are performed routinely:

- sales ledger control account every month
- purchase ledger control account every two months
- VAT control account every month
- payroll control account every month
- all suspense accounts (none) not applicable
- accruals and prepayments every month
- bank balance per the nominal ledger
- to the bank statement. every month

Any unusual or long outstanding reconciling items must be brought to the attention of the Business and Finance Director. He or she will review and sign all reconciliations as evidence of this review

5. Purchasing

It is essential that best value for money is achieved in relation to all the Trust's purchases. The majority of purchases will be paid for with public funds and there is a need to maintain the integrity of these funds by following the general principles of:

- **Probity;** it must be demonstrable that there is no private gain involved in the contractual relationships of the Trust;
- **Accountability;** the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness;** that all those dealt with by the Trust are dealt with on a fair and equitable basis.
- **Value for Money;** the Academy shall aim for:
 - Economy; minimising the cost having regard to appropriate quality
 - Efficiency; an appropriate relationship between outputs and costs
 - Effectiveness; the achievement of the intended outputs

Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the Business Manager, and to ensure that any expenditure is consistent with the objectives of the academy.

It is necessary to take the principles of best value into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when the lowest cost quotation or is not accepted.

Routine Purchasing

For purchases exceeding certain values, and below the tendering limit of £100,000, a specified number of quotations will be required as follows:

Up to £4,999	Budget holders are expected to purchase objectively using catalogue prices and written quotations
£5,000 - £49,999	Three written quotations
£50,000 - £99,999	Formal Tender
Over £100,000	EU Procedure

A competitive tendering process is in place and applied, and Official Journal of the European Union (OJEU) procurement thresholds are observed. Quotations are retained in the Finance Office and copies are attached to the purchase order.

The School maintains a database of approved regular suppliers. The relevant budget holder will select suppliers on the basis of their capacity to provide quality, service, timely delivery and value for money. Consortia are used where they provide value for money. If the purchaser considers that better value for money can be obtained by ordering from a supplier not regularly used by the Academy then this must be discussed and agreed with the Business Manager.

Tenders

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

Open Tender

All potential suppliers are invited to tender. The budget holder must discuss and agree with the Director of Finance how best to advertise for suppliers' e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender

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.

Negotiated Tender

The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders;
- only one or very few suppliers are available;
- extreme urgency exists;
- additional deliveries by the existing supplier are justified.

Preparation for Tender

Full consideration should be given to:

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

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

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

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier.

Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the Academy or Trust Board.

An electronic tender platform can be used. If a platform is not used, then 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.

Tender Opening Procedures

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 as follows:

- For contracts up to £25,000 - the budget holder, the Business Manager and the Principal;
- For contracts over £25,000 - the Director of Business and Finance and the Principal.

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.

Tendering Procedures

The evaluation process should involve at least two people and a specialist company may also be employed. 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.

Those involved in making a decision must not accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance, Premises and Audit Committee highlighting the relevant issues and recommending a decision for referral to the LGB.

For contracts under £25,000 the decision and criteria should be reported to the Finance, Premises and Audit Committee.

Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision and referred to the Trust Board if necessary.

Confidentiality

Suppliers will generally supply all quotations, tender responses and price lists on a "commercial in confidence" basis. This is a classification that identifies information that, if disclosed, may result in damage to a party's commercial interests, intellectual property or trade secrets. You must not disclose any information marked 'Commercial in Confidence' without permission from the party who supplied it.

Where quotations, tender responses and price lists have been provided to the Academy then they must all be treated as "commercial in confidence" whether they are marked up as such or not. This means they must not be shared outside the Trust and should only be circulated within the Trust to those individuals that need to evaluate or make use of this information.

Purchase Orders

Computer raised, pre-numbered orders are used for goods and services except in exceptional circumstances e.g. out of hours/emergency repairs. Orders are only made by telephone in exceptional circumstances. Where goods are required urgently and an order is placed by telephone, the order must always be confirmed in writing in the usual way.

Access to the computer system is restricted to the CEO, Principal, Business and Finance Director and Finance Staff. Commitment accounting is in operation on the computer system.

Orders must only be used for goods and services provided to the School. Individuals may not use official orders to obtain goods and services for their private use.

- a requisition is completed by the budget holder and is signed as approved by the Principal or Business and Finance Director.
- the Finance Officer generates an order on the computerised finance system, which is allocated a sequential number as it is produced. The Business and Finance Director, School Financial Support Officer, Business Manager or Finance and Payroll Manager is also able to process orders in the Finance Officer's absence.
- the requisition is attached to the generated order and the computerised order is signed as detailed in Appendix 1.
- the Finance Officer emails, faxes or posts the original order to the supplier, marks the order as emailed, faxed or posted and then files the order numerically on the outstanding orders file.
- when an order is cancelled reasons for cancellation are recorded on the computerised finance system and the cancelled order is printed. The Finance Officer handwrites the reason for cancellation. The cancelled order is approved by the Principal, Deputy Headteacher, Business and Finance Director, Business Manager or Finance and Payroll Manager. It is filed numerically on the cancelled order file.

The computer system keeps a record of all orders placed that have not been invoiced (Commitment Accounting). The Finance Officer at the request of any budget holder will produce a listing of such orders. Outstanding orders are checked on a monthly basis.

Receipt of Goods

All goods received should be delivered to the School Reception. The School Receptionist or other member of staff will carry out a brief inspection prior to signing for delivery as a prima facie check that delivery is complete.

The delivery note and goods are sent to the department who placed the order for checking against the order and signature of receipt. If goods are part of a larger

order, the Finance Officer maintains a record on the computer system explaining how much of the larger order has been fulfilled.

Any shortages or defective items in the goods supplied must be clearly indicated on the delivery note and discussed with the Finance Officer. Any goods that need to be returned must only be arranged after prior agreement with the Finance Officer, Finance and Payroll Manager or Business Manager. Any returns must be recorded in the book held on the School Reception.

Purchase Invoices

All purchase invoices are handed immediately to the Finance Officer. The invoice is checked against the original order.

The invoice number, date received and initials of the person the invoice is to be sent to for approval is recorded on the computerised printed order by the Finance Officer. The invoice is grid stamped for payment approval and all details are completed in the stamp.

If there is a price difference to the original order, the Finance Officer identifies the reason (e.g. carriage), grid stamps the invoice and notes the reasons for price difference which must be approved for payment.

The invoice is sent for approval to the budget holder or representative and the order is transferred to the Invoices Received Awaiting Approval File.

The Business Manager is responsible for approving price differences up to 10%, prior to payment. He or she can approve price differences over 10% for energy as these are estimated orders, however, they should follow any differences up with the Site Manager to ensure no energy is being wasted.

Any price differences over 10% for other goods or services should be approved by the Principal or Business and Finance Director.

No person who has signed an order will also certify the invoice for payment in respect of that order or certify the actual receipt of the goods. Price difference approval is not the same as certifying an invoice for payment.

Once the invoice is approved for payment and returned to the Finance Office, the Finance Officer attaches the invoice to the order and files by payment date, on the Approved Invoices Awaiting Payment File.

Suppliers' statements are regularly reconciled to outstanding invoices by the Finance Officer.

Where goods received were short or defective in some respect, and this still has not yet been rectified, this must be clearly noted on the invoice by the budget holder or representative so that payment is not made until either a credit note is received or the delivery is put right.

Payment of invoices

The Finance Officer reviews the Approved Invoices Awaiting Payment File on a weekly basis and selects invoices for payment. It is the policy of the school to pay all invoices by the due date, where possible, and also to take advantage of any discounts available for early settlement where this is to the school's advantage. Invoices should not be paid early as a matter of course, except when approaching school holiday closures when delaying payment may relate in the invoice being overdue or year-end when delay in payment may result in excessive accruals. Cash flow must always be monitored.

Payment is only made when the Finance Officer has made the following checks:

- goods or services have been received and checked to the order by the budget holder or representative and approved for payment;
- expenditure has been properly incurred and payment has not already been made;
- prices agree with quotations, tender, contracts or catalogue prices and arithmetic is correct;
- reasons have been identified for price differences to the original and approved by the budget holder or representative. The final price difference approval has been made by the Principal, Business and Finance Director, or Business Manager has been properly accounted for;
- the invoice has been correctly coded;
- discounts have been taken where applicable;
- sufficient funds available

The Finance Officer processes the invoice for payment having ensured that all of the School's procedures have been followed. All paperwork is filed in the Finance Office in cheque number order after cheque has been signed or BACS number order after the BACS payment has been processed.

Payment and Reimbursement of VAT

The School will reclaim the VAT on invoices as part of the monthly return to HM Revenue and Customs completed by the Finance and Business Director on behalf of the Trust.

The Business Manager/ Finance and Payroll Manager prints all the VAT reports on the first working day of the month and checks all the detailed reports before the monthly VAT return is approved by the Principal or Deputy Headteacher and sent to the Business and Finance Director for reclaiming the Trust VAT.

The Business Manager must only send the VAT report through for reclaiming the VAT once they have checked that all VAT for expenditure and income has been coded correctly and the claim can be submitted to HMRC.

On receipt of the VAT reimbursement from HM Revenue and Customs, the Director of Business and Finance arranges for these monies to be transferred to the School bank account.

Signing Cheques

All cheque payments from public and non-public funds are signed and checked by two of the authorised signatories. A list of authorised signatories is kept in the finance office at each School.

The following procedures are followed when a cheque is signed:

- the Finance and Payroll Manager or Business Manager checks the cheque run report and signs for cash flow purposes;
- all supporting documentation (i.e. purchase order and invoice) are presented to the signatories;
- cheque run report is presented to signatories and report signed;
- all cheques drawn are crossed as account payee only to avoid the possibility of improper negotiation of cheques;
- in no circumstances will any cheque signatory sign a blank cheque subject to a second signature;
- in no circumstances will payment be made against statements;
- signatories must check that the cheque is being drawn from the correct account, e.g. public or non-public funds
- cheque stationery is held securely when not in use

Cheques Lost in the Post

Procedures relating to cheques lost in the post are:

- the Finance and Payroll Manager/ Business Manager checks if the cheque has been cashed on computerised finance system bank history
- Telephone Lloyds to check if the cheque has been cashed and report lost in post. Record Lloyds reference number
- Original paperwork marked as cheque lost in post with date and Lloyds reference number
- Paperwork copied and stamped 'copy'
- Cheque cancelled on computerised finance system and Lloyds reference number logged
- Cheque reissued and copy paperwork attached
- Cheque held securely in School until Lloyds confirmation letter received
- Stopped cheque confirmation letter received and checked
- Principal signs the cheque lost in post template
- Replacement cheque issued

BACS

All BACS payments from public and non-public funds are authorised and checked by two of the authorised signatories. A list of authorised signatories is kept in the

finance office at each school. There is a £100,000 weekly limit for BACS payments and cash flow must always be checked.

The following procedures are followed when a BACS run is processed:

- All supporting documentation (i.e. purchase order and invoice) is presented to the Business Manager/ Finance and Payroll Manager to check cash flow and publish on the Lloyd slink system ready for approval;
- BACS run report and supporting documentation is presented to the signatories with the card reader and their card for them to approve on the Lloyds link system;
- BACS run report is signed by the approver;
- The approver's card must be signed in and out;
- in no circumstances will payments be made against statements;
- BACS payment cards are held in the safe when not in use;
- card reader is held securely by the Finance and Payroll Manager/ Business Manager
- bank details are captured off invoices or by the payee completing a BACS information Collection Sheet. Any changes to bank details on the finance system are only made on receipt of official paperwork from the supplier

Spoiled or Void Cheques

Procedures relating to spoiled or void cheques are:

- A line must be drawn through the cheque and the cheque marked spoiled or void with a marker pen. All cheque details including date, payee, amount in words, amount in figures and signatures must be marked through so the details cannot be read and the cheque presented
- The reason for spoiled or void cheques must be written on the cheque in ink, signed and dated by the originator
- The spoiled or void cheque must be initialled by the Business and Finance Director, Business Manager, Finance and Payroll Manager, Principal or Deputy Headteacher

Petty Cash

Procedures relating to petty cash are:

- petty cash is recorded on the School computerised finance system
- the agreed level of petty cash to be held is £500 and is kept in the safe when not in use
- deposits to the petty cash balance must only be made via a cheque cashed specifically for that purpose by the Business and Finance Director, Business Manager, Finance and Payroll Manager or Finance Officer up to the value of £500. Cheques drawn to replenish the petty cash float are subject to the normal cheque signing procedures. Records must be kept of the date and cheque number

- purchases up to £50 will be approved for reimbursement by the Business Manager
- purchases above £50 must be made by cheque or approved to be paid from petty cash by the Business and Finance Director or Principal for exceptional circumstances e.g. hospitality card for meetings, school events. Supporting documentation for the value of the cheque is produced for the cheque signatories, if payment is made by cheque.
- wherever possible, goods and services are ordered and invoiced rather than being purchased by staff
- payments will be made on a weekly basis; the original receipt with a completed petty cash voucher must be approved by the Business and Finance Director, Business Manager or Principal and attached
- no personal cheques are cashed through petty cash
- petty cash payments must be recorded with a consecutive reference number
- the petty cash float and all reimbursements are reconciled each week.

School Charge Cards

Controlled use of charge cards can provide cost-efficient purchasing, especially on-line.

The Principal is responsible for ensuring there are adequate controls in place over school charge cards.

Procedures for School charge cards are:

- cards must only be issued in the name of the School. The Business and Finance Director, Business Manager, Finance and Payroll Manager and Finance Officers have control over the cards and the PIN numbers
- the card must be kept in a secure place e.g. school safe
- the card should only be used by nominated staff
- purchases made using the card must relate to official funds for School activities only and all goods & services must be supplied to the School. The delivery address should always be the school address
- cards must only be used after the correct authorisation to purchase has been obtained
- cards must be signed in and out
- receipts must be attached to all paperwork to show a clear audit trail
- VAT rules apply to purchases made using the card; therefore VAT receipts must be requested
- the budget holder/representative is responsible for informing the finance department if there are any problems with goods or services as payment is made prior to the goods/services being received and therefore approval for payment is not able to be sought after receipt of the goods/service
- statements must be sent to the school address

- all payment transactions are checked by the Principal, Business and Finance Director, Business Manager or Finance and Payroll Manager and the charge card account is cleared in full by direct debit. Two of these signatories must sign the statement to indicate it has been checked; one of these must be the Principal and all supporting paperwork must be attached.
- in the event of the card being lost, stolen or compromised, the card issuer must be contacted immediately

Internet Purchases

Procedures for Internet purchases are:

- purchases over the Internet should only be used where the goods or services cannot be effectively or economically obtained via traditional methods and the School considers that best value is being achieved. Package and post and any returns must be taken into account
- the school should only purchase from secure sites (i.e. those displaying 'https' at the start and displaying a padlock system)
- purchases can only be made after the correct authorisation to purchase has been obtained.
- the budget holder/representative is responsible for informing the finance department if there are any problems with goods or services as payment is made prior to the goods/services being received and therefore approval for payment is not able to be sought after receipt of the goods/service
- when orders are placed with the supplier an order confirmation will usually be displayed or an e-mail received together with the method of payment. This must be printed off and kept with the authorisation to purchase (along with all transaction documentation and associated e-mails)
- the risks of using the internet when making purchases must be considered. Card balances must be checked prior to purchase. The accounts must be password protected
- all internet addresses must be typed manually as links to on-line shops in emails and the internet may link to fraudulent sites

Direct Debits

Direct debits are a cost effective way of managing regular, secure payments and are used for leases, childcare vouchers, telephones, franking machine, energy and SLA's where appropriate.

Procedure for direct debits are:

- each direct debit is logged in the finance office, payment details, dates and length to run are recorded
- VAT can be reclaimed provided supplier submits a VAT statement
- direct debits reconciled regularly to the bank statements
- aware of direct debits due when calculating cash flow

Parent Pay

ParentPay is an on-line secure payment system which can be used for parents to pay for school trips, items to purchase and all other school activities.

Procedures for ParentPay are:

- Finance Officer puts service details on Parent Pay
- Admin Officer issue letters to parents with all relevant information
- payments credited to appropriate School bank account and remittance received
- monies credited to Lloyds account less Cardnet charges on a fortnightly basis, reports can be obtained daily from ParentPay on-line which provide details of how payments are made up
- FMS (School Main Account) and Tucasi (School Fund) are updated using the ParentPay reports
- Parent Pay transactions reconciled
- Lloyds statement checked by the Principal, Business and Finance Director, Business Manager or Finance and Payroll Manager. Two of these signatories must sign the statement to indicate it has been checked; one of whom must be the Principal.

6. Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration and payments

Staff Appointments

As part of the annual budget process, the Trust Board will approve a staff establishment for the Trust and academies. Substantial changes (e.g. the addition of permanent full time posts) can only be made to this establishment with the express approval in the first instance of the CEO who must ensure that adequate budgetary provision exists for any establishment changes.

Where changes are in line with agreed budgets, in line with the approved AIP and with CEO approval; Principals have authority to change the fte, size or scope of posts within their Academy - these changes will be included in the Principal's report to the Local Governing Body.

The CEO and Principals have authority to appoint staff within the authorised establishment except for the roles of Principals where other Trust Directors will be involved. The CEO will approve all appointments to the senior leadership team of the Trust.

Payroll Administration and Payments

Payroll is currently outsourced to Trafford Local Authority as a Service Level Agreement and the approval of the Trust is needed to change any such arrangements. The Trust has a Pay Policy and all changes to pay must be consistent with this. Any variations to this must be raised with the CEO.

The Business Manager/ Finance and Payroll Manager retains a list of staff employed by the School and it is promptly updated for contractual changes to ensure that accurate records are maintained and staff are paid correctly.

The Local Authority has been informed to accept instructions from the Principal and Business Manager regarding payroll payments, new appointments and contract amendments. They have been instructed not to accept changes authorised by a person changing his/her own salary. All staff payments including mileage, travel and subsistence claims must be made through the payroll system for PAYE purposes.

Overtime claims and expense claims are checked and authorised by the Principal / Business Manager. Once authorised, overtime claims and expense claims are electronically submitted to GMSS and marked with the reference number, date submitted to the Local Authority and filed.

Absence returns are submitted to GMSS on a weekly basis by the Office Manager/ HR Manager. All self-certified and doctors certificates are retained on the staff personal file by the Office Manager/ HR Manager. The Office Manager and HR Manager monitor staff absence.

All personnel files are kept securely in the office. Access is restricted to the Principal, Senior Staff, Business Manager, HR Manager or Office Manager. The school is registered under the Data Protection Act.

The monthly payroll must be checked by the Business Manager and reviewed subsequently by the Principal and the Business and Finance Director;

- the payroll documentation details received from the Local Authority are checked to ensure all contractual changes have been documented correctly;
- the pay for each employee is checked against the FMS salary projections and the reasons for any variations noted and checked to ensure staff are paid at appropriate rates and no ghost employees;
- overtime, expenses and supply staff payments are checked against the payroll data provided by payroll to ensure the claims have been paid correctly;

Ex Gratia, Compensation and severance Payments

Occasionally the school may make special payments to staff that fall outside of the schools planned range of activities these include:

- staff severance payments
- compensation payments
- ex gratia payments

The Academy Trust's CEO and Chair of the MAT Board have delegated authority to approve severance, compensation and ex gratia payments provided any required prior approval has been sought from the ESFA in line with the Academies Financial Handbook. All severance, compensation and ex gratia payments must be reported to the MAT Board after approval by the ESFA. CEO and Chair of the MAT Board.

7. Assets

All fixed asset additions of expenditure on IT equipment, IT infrastructure and related IT developments, must be approved by the CEO and Business and Finance Director to ensure that investment is consistent with the Trust's overall IT strategy.

Asset register

All items purchased with a value over the academy's capitalisation limit of £1,000 must be capitalised at the year-end. Assets below the value of £1,000 will be charged to the income and expenditure in the year of purchase.

Maintenance of the fixed asset register is overseen by the Principal. It is the policy of the school to enter acquisitions over £1,000 onto the asset register. Maintenance of the School Inventory is overseen by the Principal. Any items with a value over £500 must be recorded in the Inventory. The Finance Officer is responsible for keeping these records.

Business Managers will review the Asset Register and Inventory on a yearly basis to ensure completeness and identify any discrepancies. Any discrepancies over £1,000 must be reported to the Trust's Business and Finance Director.

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the Trust's financial system and support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of Assets

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

All the items in the asset register should be marked as the Trust'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 Trust's Business and Finance Director. Where items are used by the Trust but do not belong to it, this should be noted in the Asset Register and Inventory.

Loan of Assets

Items of Trust property, except staff laptops or tablets, must not be removed from academy premises without the authority of the Principal. 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.

Disposals

All disposals of land must be agreed in advance with the Secretary of State and the CEO. All disposals of registered assets must be agreed in advance by the CEO.

The Trust must seek the approval of the ESFA in writing in line with the ESFA requirements.

Disposal of equipment to staff is not allowed, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

Losses

All losses are to be reported to the Principal. The Principal informs the police and the Business and Finance Director if the loss is a result of burglary or theft and the insurance company is informed at the same time, by the Business and Finance Director. Action is taken immediately to prevent further loss. The Business Manager maintains a record of losses and insurance monies received.

8. Insurance

The adequacy of insurance is reviewed annually and is arranged through the ESFA Risk Protection Scheme. Vehicle and engineering inspection is arranged through Marsh the brokers. Details of all insurance policies held by the school are kept under the control of the Business and Finance Director

The insurers are notified of all new risks, property and equipment which require insurance or any other alteration affecting existing insurance on a timely basis. The school will not give any indemnity to a third party without the written consent of their insurers

The school immediately informs the Business and Finance Director of all accidents, losses and other incidents which may give rise to an insurance claim, so he or she can report them to the insurer. Claims under an insurance policy are authorised by the Principal and the Business and Finance Director prior to the submission to the insurance company.

Insurance arrangements cover the use of school property when off the premises; there is a £500 excess.

9. Leasing

The Trust is able to enter into operational leases as outlined in the Academies Financial Handbook. Finance leases are classed as borrowings and can only be entered into with the specific authority of the ESFA and the CEO. All leases must be approved by the Business and Finance Director.

10. Depreciation Policy

The Trust will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines. Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows:

Land and Buildings	50 years
Computer Equipment	3 years
Fixtures, Fittings and Equipment	7 years

11. Reserves & Investments Policy

The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning. The Trust will build and maintain a capital reserve fund in line with the reserves approved by the Board from time to time.

The current policy is for the Trust to hold revenue reserves equivalent to one month's GAG funding.

In accordance with ESFA and charity accounting standards, the Trust will maintain financial records which identify revenue reserves by academy. Reserve funds will be held on deposit in an interest bearing account in a UK regulated bank or in other instruments and investments as agreed from time to time by the Board. The Trust will take a very prudent approach to any deposits or investments that it makes.

12. Income

The main sources of income for the Trust are the grants from the DfE / ESFA. The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the School are collected. The Business Manager must report any discrepancies or queries to the Business and Finance Director. Grant funding is received from sources such as the Local Authority Councils for a variety of purposes including SEN funding.

All non-public fund income will be paid into the School Fund bank account and public fund income will be paid into the School's delegated budget bank account.

The Trust also obtains income from students, for example trips, activities, school dinners and the public, mainly for lettings.

Each academy has a specific procedure on Trips. A designated staff member must be appointed for each trip to take responsibility for the collection of sums due. The appointment must be approved by the Business Manager. The designated staff member will be responsible for working with the trip leader, estimating the costs, ensuring the cash is collected, producing a reconciliation etc.

Arrangements for letting School premises have been developed in consultation with stakeholders to ensure they are not subsidised from the budget and the arrangements do not conflict with educational objectives.

Hire of the Trust facilities will be conducted in line with the Lettings Policy. Written agreements are in place for all lettings and charges are reviewed annually.

Invoicing

All invoices are raised on a timely basis. Consequently numbered invoices are used for all goods. Copy invoices are retained on file and payment monitored by the finance officer.

Debt Monitoring

The School has procedures in place for monitoring and chasing any overdue invoice payments. The Finance and Payroll Manager / Business Manager are responsible for informing the Principal and Business and Finance Director on the position about outstanding debts.

Bad debts are only written off when the School has followed all possible procedures to ensure their recovery and relevant EFA procedures adhered to and approved by the Business and Finance Director / CEO.

Income Records

The School maintains accurate records, issues official pre-numbered receipts or maintains other formal documentation of all income collected.

When funds are paid into the School's delegated budget account, individual amounts must be identified on the paying-in slip so that they can be reconciled with the records in school. When funds are paid into the School Fund bank account a banking summary is printed from the Tucasi (School Fund) system so that individual amounts can be reconciled.

13. Banking and Cash Holdings

Bank Facilities

The Trust is responsible for authorising the establishment of bank accounts and approve bank mandates in the name of the Trust, in conjunction with the CEO. The Trust must set out the arrangements covering the operation of accounts and cheque signing arrangements. The operation of systems such as BACS and other means of electronic transfer of funds must also be subject to the same level of control.

The school's bank facilities are held at Lloyds. The School holds separate bank accounts for public and non-public funds.

The bank has been informed that the school is not allowed to borrow funds and that no account should be allowed to become overdrawn. All accounts are interest-earning current accounts or high deposit accounts.

A copy of the bank mandate is held securely at each school.

Bank Reconciliations

Procedures for bank reconciliations are as follows:

Account	Frequency	Performed by	Reviewed
Public Fund	Monthly	Finance and Payroll Manager/ Business Manager	Externally
School Fund	Monthly	Finance and Payroll Manager/ Business Manager	Externally

All bank reconciliations accounts must be reconciled monthly and checked by the Business Manager/ Finance and Payroll Manager/ Business and Finance Director. The Finance and Business Director will periodically review the bank reconciliations. Any discrepancies are promptly investigated.

The bank reconciliations should be signed by the Finance and Payroll Manager / Business Manager / Business and Finance Director as completed and signed as reviewed by the Principal.

Cash Flow Forecasts

The Business Manager/ Finance and Payroll Manager is responsible for preparing monthly cash flow forecasts for twelve months ahead to ensure that the academy has sufficient funds available to pay for day to day operations.

These must be provided to the Finance and Business Director within five days of month end and if significant balances can be foreseen, steps should be taken to invest the extra funds, after the Business and Finance Director has given written approval. Similarly plans should be made to transfer funds from another bank account or to re-profile the General Annual Grant (GAG) to cover potential cash shortages after review by the CEO.

Payments and withdrawals

All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures of authorised signatories as detailed in the bank mandate.

This provision applies to all accounts, public or private, operated by or on behalf of the Trust. At least one of the cheque signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

Cash Banking

Cash and cheques are locked in the safe prior to banking to safeguard against loss or theft. All cash is banked intact and recorded in paying-in slips. Bank paying-in slips show the split of cash and cheques. Cheques will be identifiable by reference to the names of the drawers and cash by reference to details of the income.

All cash and cheques are banked by the Business Manager, Finance and Payroll Manager or Finance Officers. Where unusually high levels of cash are received these are banked on the day of receipt.

Cashbooks

Cashbooks are kept in a computerised format for public and non-public funds.

14. Charging and Remission Policy

The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.

The separate Charging and Remission Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

Academies may charge for some optional activities which take place wholly or mainly outside academy hours. The Trust may invite voluntary contributions for these from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Principal.

In all cases, where a charge is made it will not exceed the costs of the provision.

15. Communicating Procedures to Staff

- Staff Induction
- Staff Handbook
- Copy of Finance Manual available in Finance Office

16. Monitoring Outcomes and Review

Outcomes will be monitored and reviewed by regular internal checks and scrutiny by senior management including an annual review with Business Managers and the Business and Finance Director. Effectiveness of this policy and any associated procedures will also be monitored by the Finance, Premises and Audit Committee, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit.

Findings and recommendations will be used to revise this policy and associated procedures as necessary.

Key indicators of the success of this policy are:

- No inappropriate use of money;
- Adherence to budgets;
- Value for Money being demonstrated;
- Expenditure targeted on key priority areas;
- Timely reports to Board, DfE and others;
- Up to date, accurate records.

	MAT Board	CEO	Director of Business & Finance	LGB	Finance, Premises & Audit	Principal	SBM	Finance and Payroll Manager
Approval of Annual Budget Plan	✓							
Approval of Three Year Budget Plan	✓							
Variations to budget heads (Virement) over £25,000				✓				
Variations to budget heads (Virement) over £10,000 - £25,000					✓			
Variations to budget heads (Virement) under £10,000						✓		
Authorise expenditure over £100,000	✓							
Authorise expenditure over £25,000				✓				
Authorise expenditure up to £25,000					✓			
Authorise expenditure up to £10,000		✓	✓			✓		
Authorise expenditure up to £5,000							✓	
Authorise purchase orders previously approved on a requisition by the Principal							✓	✓
Authorise Petty Cash expenditure up to £50.00							✓	

	MAT Board	CEO	Director of Business & Finance	LGB	Finance, Premises & Audit	Principal	SBM	Finance and Payroll Manager
Authorise Petty Cash expenditure over £50		✓	✓			✓		
Appointment and salary of all permanent staff that keeps within agreed budget and establishment				✓		✓		
Approval for appointment and salary of all permanent staff that is above the establishment		✓						
Appointment and salary of temporary staff within agreed budget and establishment				✓		✓		
Appointment and salary of Principal	✓	✓						
Notification of new appointments and contractual changes to Payroll provider		✓	✓			✓	✓	
Certification of payroll claim forms		✓	✓			✓	✓	

Appendix 1

Fixed Assets

Appendix 2

All items purchased with a value over the Academy's capitalisation limit of £1,000, must be entered in an asset register.

The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the academy's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of assets

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular 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 Governing Body. Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it this should be noted.

Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Director of Business and Finance and the Headteacher and, where significant, should be sold following competitive tender.

The Academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.

The Academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the DfE a proportion of the sale proceeds.

All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

Items of Academy property must not be removed from Academy premises without the authority of the Headteacher. A record of the loan must be approved by the Headteacher and recorded in the asset loan book held in the Finance Office. The asset must be signed back into the Academy when it is returned by the loaner.

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 Academy's auditors.

Expenditure on hospitality must be appropriate to the occasion, represent an effective use of school funds and be of a reasonable amount.

The guidelines contained in the policy provide advice on the provision of hospitality in connection with official school business and on other activities that promote the school to the public. It is intended to help ensure that expenditure on hospitality complies with government standards on propriety (i.e. the School Standards and Framework Act 1998) and is consistent with the mission of the school.

1. When the school spends public money on hospitality or related areas, the occasion must, in the best judgement of the Headteacher and Governors, produce a clear benefit for the school with no personal benefit for staff or Governors.
2. Hospitality in this context includes away-days, meals, snacks, refreshments and beverages such as tea or coffee. The Headteacher's discretion and due regard for economy will be the guide on such occasions and in ensuring that hospitality is not offered to close colleagues working together on a regular basis.
3. For staff attending meetings and CPD courses, travel arrangements and accommodation (other than standard mileage claims) require approval of the Headteacher and should provide good value. For overnight accommodation, breakfast can be claimed.
4. Public funds should not be used to provide to staff, gifts, floral tributes, travel, transport, entertainment or other tokens of appreciation for events such as birthdays, weddings, anniversaries, retirement, public holidays, religious celebrations or farewell gatherings.
5. If the School Fund rather than the school budget is to be used for hospitality, the Governors must ensure that in the case of school funds such use is permissible having regard to the purposes for which the funds were provided to the school.

Business Gifts

1. Staff with significant financial responsibilities are required to declare any business interests which they or any member of their immediate family may have by completing a Register of Business Interest Form. Any changes to the information should be notified to the Headteacher immediately as the Register must be kept up to date.
2. Staff should at all times in their business relationships maintain the interests and good reputation of the school.
3. Staff are permitted to accept gifts, rewards or benefits from members of the public or organisations the school has official contacts with only where they are isolated gifts of a trivial character (such as diaries or calendars) up to a nominal value of £15.00. Gifts should not therefore be accepted if they appear to be disproportionately generous or could be construed as an inducement to effect a business decision.
4. Where purchased items include a "free gift", such a gift should be either used to promote the school, for school business or handed to the Office Manager to be used for raffles etc.

5. In relation to conventional hospitality (lunches, outings, tickets for events etc.) provided that it is normal and reasonable in the circumstances they may be accepted. Such invitations should not be accepted where there is no reasonable business justification for doing so, where an invitation is disproportionately generous, or where the invitation could be seen as an inducement to affect a business decision.

South Manchester Learning Trust's Investment Strategy in essence is to invest to further the trust's charitable aims, ensuring that investment risk is properly managed.

The Business and Finance Director is responsible for making any investment's requested by individual schools within the Trust.

When considering making an investment the school must:

1. Act within their powers to invest as set out in the Trust's Articles of Association
2. Regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments.
3. Monitor cash balances to avoid the current account going overdrawn.
4. Identify funds surplus to immediate cash requirements and exercise care and skill in all investment decisions. The School should invest in a bank listed on Trafford Council's approved list of Banks & Building Societies for use by schools in a high interest deposit, whilst remaining cautious with the amount of any investment.
5. The Business and Finance Director invests surplus cash on either a fixed special deposit rate term, 6 weeks, 3 months, 6 months or twelve month terms dependent on market rates and cash flow.
6. Free reserves in the current account should, where possible, be at least equivalent to one month of GAG.
7. Surplus cash funds are rolled over on a continuous basis provided cash flow circumstances allow this.
8. The current policy is to only invest funds in risk free deposit accounts.

Anti-fraud Policy to be read in conjunction with the Whistleblowing Policy Appendix 5

For the purpose of this policy statement, fraud includes all irregularities which could normally be described as theft, deception, fraud, corruption, or impropriety. Fraud countermands the school management at every level and positive action is needed to prevent and discourage it.

It is important for SMLT to have a robust system of internal controls on expenditure to protect itself against fraudulent or improper use of its finances and to be able to detect such malpractice promptly, should this occur.

The prevention of fraud is the responsibility of every member of staff. In every case, reported suspicions will be passed to an audit committee who will decide on the subsequent course of action.

When fraud is identified, action will be taken to:

- Limit the damage
- Seek reparation for losses incurred
- Punish the perpetrators
- Revise procedures to prevent any recurrence

Response to suspected fraud

The Trust has rules which attempt to allocate resources on a fair and even handed basis. Fraudulent activity circumvents these rules and gives an unfairly generous allocation to one or more individuals to the detriment of all others.

Reporting of suspected fraud

Any suspicion of fraud should be reported to the Business and Finance Director and the Headteacher.

If it is considered more appropriate (for example, if a member of the Senior Leadership Team is involved) the suspicions may be reported directly to the Executive Headteacher and Chair of Governors.

After a suspicion is reported

The Headteacher, Business and Finance Director or Executive Headteacher or Chair of Governors will make any initial enquiries considered necessary to validate the report. The Schools Human Resources Business Partner, Mark Creighton, will be contacted for advice on how to proceed with the reported suspicion (0161 912 1254)

Any records in relation to the suspected fraud should be secured and any loss quantified.

As soon as possible after these initial investigations, the matter will be passed to the Chair of Finance, Premises and Audit Committee and the Chair of the Trust Board. Even if there is no evidence to support the allegation, the matter must be reported.

The audit sub-committee

The management of any investigation will be undertaken by an audit sub-committee setup and controlled by the Trust Board. They will:

- determine whether further investigation is warranted;
- determine who should carry out the investigation;
- determine which outside agencies (police, auditors) should be involved;
- assess the risk to the school;
- determine to whom day to day management of the response should be given;
- allocate responsibility for damage limitation action;
- determine the course of action to recover losses;
- determine the course of action to be taken against wrongdoers;
- evaluate the events which enabled the fraud to occur;
- ensure preventative action is taken.

Introduction

The Governing Body is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Governors need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services

What Is Best Value?

Governors will apply the four principles of **best value**:

- **Challenge** - Is the school's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do parents want?
- **Compare** - How does the school's pupil performance and financial performance compare with all schools? How does it compare with LA schools? How does it compare with similar schools?
- **Consult** - How does the school seek the views of stakeholders about the services the school provides?
- **Compete** - How does the school secure efficient and effective services? Are services of appropriate quality, economic?

The Governors' Approach

The Governors and school managers will apply the principles of *best value* when making decisions about:

- the allocation of resources to best promote the aims and values of the school.
- the targeting of resources to best improve standards and the quality of provision.
- the use of resources to best support the various educational needs of all pupils.

Governors, and the school managers, will:

- make comparisons with other/similar schools using data provided by the LA and the Government, e.g. RAISE online, FFT, Ofsted, quality of teaching & learning, levels of expenditure.
- challenge proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual pupil achievement targets, budget setting.
- require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup, e.g. provision of computer suite, redecoration
- consult individuals and organisations on quality/suitability of service we provide to parents and pupils, and services we receive from providers, e.g. Sex and Relationships Education, pupil reports, assigned inspector, Ofsted, maintenance consultant, borough Energy Group

This will apply in particular to:

- staffing
- use of premises
- use of resources
- quality of teaching
- quality of learning
- purchasing
- pupils' welfare
- health and safety

Governors and school managers:

- will not waste time and resources on investigating minor areas where few improvements can be achieved
- will not waste time and resources to make minor savings in costs
- will not waste time and resources by seeking tenders for minor supplies and services

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.

Staffing

Governors and school managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management.

Use of Premises

Governors and school managers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching & learning, for support services, and for communal access to central resources, e.g. the library.

Use of Resources

Governors and school managers will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality of learning.

Teaching

Governors and school managers will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with:

- a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy and National Numeracy Strategy, the LA Agreed RE Syllabus, and the needs of pupils
- teaching which builds on previous learning and has high expectations of children's achievement

Learning

The quality of children's learning will be reviewed by cohort, class and individually to provide teaching that enables children to progress and achieve. This includes the setting of pupil achievement targets at KS3, KS4 and KS5.

Purchasing

Governors and school managers will develop procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures already in place include:

- competitive tendering procedures (e.g. for goods and services above £5,000)
- procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship)
- procedures which minimise office time by the purchase of goods or services under £1000 direct from known, reliable suppliers (e.g. stationery, small equipment)

Pupils' Welfare

Governors and school managers will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation.

Health & Safety

Governors and school managers will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

Monitoring

These areas will be monitored for best value by:

1. In-house monitoring by the Headteacher and curriculum managers, e.g. classroom observation, work scrutiny
2. Termly target setting meetings between the Headteacher and curriculum managers
3. Annual Performance Management
4. Annual Budget Planning
5. Headteacher's monthly financial review
6. Analysis of school pupil performance data at KS3, KS4 and KS5 against national standards and comparison against similar schools
7. Analysis of LA pupil performance data
8. Analysis of EFA / LA financial data, eg. Bench mark data for all schools, LA schools, similar schools
9. Analysis of DFE pupil performance data, e.g. RAISE online
10. Ofsted Inspection reports
11. Termly classroom observations
12. Governors' committee meetings
13. Governors' full meetings
14. Governors' Annual Finance Review
15. Governors' Annual Target Setting Meeting
Annual Development Plan Meeting