



Advance Trust Financial Handbook

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Vale of Evesham School
a specialist school for cognition and learning - enabling inclusion in the community

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1. Introduction

- 101 The purpose of this document is to ensure that 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 our funding agreement with the Department for Education (DfE).
- 102 The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook (AFH) published by the Education & Skills Funding Agency (ESFA). This document expands on that and provides detailed information on the Trust's accounting procedures and systems and should be read by all staff involved with financial systems.
- 103 This document forms the basis of the financial procedures for all members of Advance Trust.

2. Organisation

- 201 The Trust has defined the responsibilities of each person involved in the administration of the Trust and member schools/academies finances to avoid the duplication or omission of functions and to provide a framework of accountability for Directors, Governors and Staff. The financial reporting structure is illustrated below:

The Trust Board

- 202 The Trust Board has overall responsibility for the administration of the finances, in line with the main responsibilities of the governing bodies, which are prescribed in the Funding Agreements; between an academy and the DfE and in the schemes of governance within articles of association. The main responsibilities include:
- ensuring that grant from the DfE is used only for the purposes intended;
 - approval of the annual consolidated budget;
 - appointment of the Executive Principal
 - appointment of the Chief Operations Officer, in conjunction with the Executive Principal

The Audit, Risk, Compliance and Financial Assurity Committee

- 203 The Audit, Risk, Compliance and Financial Assurity Committee which meets at least once a term, but more frequent meetings can be arranged if necessary.
- 204 The main responsibilities of the Audit, Risk, Compliance and Financial Assurity Committee, as delegated by the Trust Board, are detailed in written terms of reference which have been authorised by the local governing bodies. The main responsibilities include:
- the initial review and authorisation of the annual budget;
 - 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, as amended, and the DfE guidance issued to academies;
 - ensuring sufficient funds are available to pay for salary increments as recommended by the Executive Principal.
 - authorising the award of contracts over £50,000;
 - reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.

The Executive Principal

205 Within the framework of the Trust development plan, as approved by the Trust Board, the Executive Principal has overall accountability for all Trust activities. Some of the Trust financial responsibility has been delegated to the Chief Operations Officer but the Executive Principal still retains responsibility for:

- proposing new senior staff appointments within the Trust,
- authorising contracts up to £50,000 in conjunction with the Chief Operations Officer
- authorising contracts above £50,000 in conjunction with Trust Board
- signing cheques in conjunction with other authorised signatories

Accounting Officer

206 The Funding Agreement requires each academy to identify the Executive Principal as the Accounting Officer. This post confers responsibility for financial and administrative matters. This is a vital role, as the Accounting Officer is personally responsible to the governing bodies for ensuring:

- regularity and propriety;
- prudent and economical administration;
- avoidance of waste and extravagance;
- efficient and effective use of available resources and;
- the day to day organisation, staffing and management of the academy.

207 Included in the responsibilities of the Accounting Officer is a duty to take appropriate action if the Trust Board, or the Chairman, is contemplating a course of action which he or she considers would infringe the requirements of propriety or regularity (including the provisions of the Funding Agreement, the Trust Development Plan, or other documents setting out the financial duties of the Trust Board or of any other rules governing the conduct of the body), or would not represent prudent or economical administration, or the efficient or effective discharge of the Trust's functions.

208 In such circumstances, the Accounting Officer would be required to put his or her objections in writing to the Trust Board and to advise them of the requirement to inform the DfE Accounting Officer (the Permanent Secretary) and the Trust's external auditors, as well as the Controller and Auditor General.

209 Such notification should occur without undue delay, and the Departmental Accounting Officer will need to consider whether to intervene in such cases.

210 The Accounting Officer may delegate to the Chief Operations Officer to assist in these responsibilities.

The Chief Operations Officer

211 The Chief Operations Officer works in close collaboration with the Executive Principal through whom he or she is responsible to the governors. The Chief Operations Officer also has direct access to the Trust Board and local governors. The main responsibilities of the Chief Operations Officer are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Trust 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 the academy;
- the preparation of monthly management accounts;
- authorising orders below £10,000 in conjunction with budget holders;
- signing cheques in conjunction with the Executive Principal or other authorised signatory and
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

The Responsible Officer

212 The Responsible Officer (RO) is appointed by the Trust Board and provides Directors with an independent oversight of the Trust's financial affairs. The main duties of the RO are to provide the Trust Board with independent assurance that:

- the financial responsibilities of the Trust 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 and AFH criteria is adhered to;
- financial considerations are fully considered in reaching decisions.

213 The RO will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Trust Board. A report of the findings from each visit will be presented to the Board and relevant local governing bodies. Detailed guidance on the type of transactions to be checked by the RO is given in Appendix A of the DfE Guidance.

Other Staff

214 Other members of staff, primarily the Management Accountants, Business Managers / Office Managers and Finance Administrators, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

Connected Organisations including related party transactions (Register of Interest)

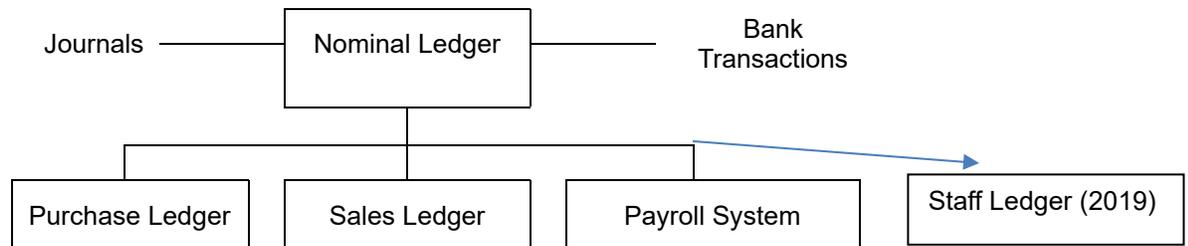
215 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all directors, governors and staff with significant financial or spending powers are required to declare any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

216 The register should include all business interests such as directorships, employment, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. 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 director, governor or member of staff by that person.

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

3. Accounting system

- 301 All the financial transactions of the Trust must be recorded on the PS Financials accounting system. The system is managed by the Advance Trust central Office and consists of:



System Access

- 302 Login to the cloud hosting and the PS Financials system is password protected and the Chief Operations Officer is responsible for ensuring regular password changes are implemented and supporting new password requests for accounting.
- 303 Access to the component parts of the PS Financials system can be restricted and the Chief Operations Officer is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

- 304 PSFinancials host the cloud-based finance system and undertake within the agreement to ensure effective back up procedures are in place.
- 305 An electronic audit document can be created from the finance system showing all nominal ledger transactions to provide an audit trail, which should be saved regularly on the local school server and backed up.
- 306 The business continuity plan, in the event of loss of accounting facilities or financial data, should ensure that, and record which, systems are in place to mitigate risk; this should link in with the termly assessment made by directors of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

- 307 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.
- 308 All journal entries, performed in the accounting system, are reviewed and signed off, at local academy level and central Trust office, as part of the month end process. Trust journal entries are agreed by Executive Principal/Chief Operations Officer and Management Accountant. Bank transactions are input from the central office and clearly visible at school level via the intra-company balance sheet account by the Senior Management Accountant. Chief Operations Officer following authorisation signed by the Executive Principal. **When future centralisation is applicable authorisation will be obtained from schools before processing.**
- 309 Monthly journal reports, once completed and verified by the Chief Operations Officer. All PSF journals are to be individually printed, supporting documents attached and then signed

off by the Chief Operations Officer.

- 310 Detailed information on the operation of the PSFinancial system can be found in the user manuals provided with initial training and process notes prepared by the central office, together with PSFinancials website, knowledge base area.

Transaction Reports

- 311 The Chief Operations Officer and Management Accountants will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:
- Management Accounts summarising expenditure and income against budget at budget holder level
 - Debtors and Creditors reports
 - Consolidated Balance Sheet
 - Brought forward Restricted/Unrestricted fund monitoring
 - Bank Reconciliations
 - Prepayment & Accrual Journals
 - Variance explanations
 - KPI's and Benchmarking
 - Cash flow forecast

Reconciliations

- 312 The majority of reconciliation processes are performed centrally by the Senior Management Accountant as detailed below:
- Purchase Ledger Control Account;
 - Sales Ledger Control Account; (academy level review)
 - Payroll Control Account;
 - Inter-Company Control – income after salaries area (academy level)
 - Bank Reconciliation
 - Petty Cash Reconciliation (academy level)
 - Fixed Assets
 - VAT
- 313 Any unusual or long outstanding (over 60 days) reconciling items must be brought to the attention of the Chief Operations Officer/Senior Management Accountant. The Chief Operations Officer will review and sign all reconciliations within the month end management accounts reporting, as evidence of this review.

Monthly Reporting

- 314 Each school will send a copy of their monthly management accounts to the Trust central business office for scrutiny before circulation to Governors Committees. The Trust Business Office will produce the Trust monthly accounts and a consolidated set of management accounts to the Trust Board. Variances should be reported on YTD.

4. Financial planning

- 401 The Trust prepares both medium term and short-term financial plans.

402 The medium-term financial plan is prepared as part of the development planning process. The development plan indicates how the Trust's objectives are going to be achieved within the expected level of resources.

403 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year which includes sufficient funding for Trust improvement.

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

Development Plan - Accountability & Improvement Framework

405 The development plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

406 The form and content of the development plan are matters for the Trust to decide but due regard should be given to the matters included within the guidance to academies and any annual guidance issued by the DfE.

407 The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

408 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the leadership team on a regular basis. The leadership team will report to the Trust Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

409 The relevant finance staff are responsible for preparing and obtaining approval for the annual in year PSF budgets at Trust level, in conjunction with the Chief Operations Officer and Senior Management Accountant. The consolidated budgets must then be approved by the Executive Principal, and the Audit, Risk & Compliance Sub-Committee prior to the full Trust Board.

410 The approved Trust academy 3-year budget forecasts must be submitted to the DfE by 31 July each year and the Chief Operations Officer is responsible for establishing a Trust wide timetable which allows sufficient time for the approval process and ensures that the submission date is met, a process which starts in April annually by recording the actual out turn from the preceding September – March, The Outturn upload for the DfE is due in May.

411 The annual budget forecasts will reflect the best estimate of the resources available to the Trust for the forthcoming year and assumptions used to 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.

412 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 academy to assess likely level of receipts;

- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings and
- review of the main expenditure headings considering the development plan objectives and the expected variations in cost e.g. pay related increases, inflation and other anticipated changes.
- List of assumptions used to formulate budget forecasts.

Balancing the Budget

- 413 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 efficiencies 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. If a potential surplus is identified, this may be held back as a contingency and invested in line with the Trust's policy or alternatively allocated to areas of need. Deficit budgets in some school settings may be supported by surplus in others and pooling within the Trust will support a consolidated balance position.

Finalising the Budget

- 414 Once the different options and scenarios have been considered, a draft Trust wide budget should be prepared by the Chief Operations Officer and Senior Management Accountant for approval by the Executive Principal and the Trust Board.
- 415 The budget should be a working document, which will be subject to review and, if required, revision during the year, April is the current revision period used within PSFinancials, to bring in line with known support staff pay awards which are later in the year than teachers.

Monitoring and Review

- 416 Monthly reports will be prepared by the Senior Management Accountant. The reports will detail actual income and expenditure against budget at a summary level for the Chief Operations Officer, Executive Principal and the Trust Board.
- 417 Any potential overspend against the budget is discussed with the Executive Principal and Chief Operations Officer.
- 418 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 adjust budgets. All budget revisions will be reported to the Trust Board.

Budgetary Control

- 419 The Executive Principal is responsible for regular, detailed control of the Trust budget via the Chief Operations Officer. To achieve this, he/she will hold a monthly finance meeting with the Chief Operations Officer and receive management accounts, monthly from the accounting software system (PSF). Such reports will show, for all schools:
- Total budget for year
 - Actual income and expenditure for the period and Year to date (YTD)
 - Variances against budget
 - Year to Date forecast
 - Depreciation
 - Capital income and expenditure
 - Benchmarking and KPI information

420 The Executive Principal is empowered to take remedial action to address variances, by authorising Advance Trust budget revisions limited as follows: -

- Up to £25,000 – Executive Principal
- Over £25,000 – Trust Board

421 Individual school settings manage their funding allocations as outlined in their Scheme of Delegation (Section 4 - Delegated Powers) and **may also request Executive Principal approval** for an amount greater than their limit, up to a maximum of £25,000, Thereafter full Trust Board approval is required.

Furthermore, in line with Academies Financial Handbook, (Page 48 - Annex B - Scheme of Freedoms & Delegation), percentages and financial limits must be adhered to by all parties.

422 The Chief Operations Officer and Senior Management Accountant circulate detailed budget monitoring management accounts to the Trust monthly, these show:

- Total budget for year
- Year to Date income/expenditure position
- Current Month actuals against budget
- Variance explanations
- Brought forward fund tracking
- Capital expenditure
- Depreciation
- Notations in relation to variances
- Balance Sheet
- Benchmarking data across Trust schools
- Staffing costs as a percentage of income

The Executive Principal may assign budgetary control of individual budget headings to other members of staff. The Executive Principal remains ultimately accountable to the Trust Board for these budget headings.

Payroll expenditure data notified by the payroll provider must be entered promptly each month by the Senior Management Accountant/Finance staff onto the accounting system.

When the consolidated accounts for each financial year are closed, a final statement from the accounting system must be presented to the next available meeting of the Audit Risk & Compliance Committee in November followed by the Trust Board and Members in December.

5. Payroll

501 The main elements of the payroll system are:

- staff appointments and cessations
- payroll administration
- payments

Staff Appointments

502 The individual schools have approved a personnel establishment for their academies (workforce structure). Changes can only be made to establishments with the express approval, Headteacher and Chief Operations Officer, who must ensure that adequate budgetary provision exists for any establishment changes.

- 503 The Headteacher has authority to appoint staff within the authorised establishments except for, Deputy Headteacher, Assistant Headteacher and the Chief Operations Officer whose appointments must follow consultation with the relevant directors and Executive Principal. The Headteacher & Executive Principal ensure personnel files are maintained for all members of staff which include contracts of employment and delegates responsibility locally. All personnel changes must be notified, in writing, to Senior Management Accountant and as appropriate to ensure budget alignment.

Payroll Administration

- 504 The Trust payrolls are administered by Liberata currently, or such other bureau, agency or internal system as may be approved by the Trust Board.

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

- salary
- bank account details
- taxation status
- personal details
- any deductions or allowances payable

- 505 A regular, weekly update on the electronic payroll system, detailing sickness and other absences during the month and any new appointments or terminations must be completed by each academy. Calculated by the relevant staff on the system or sent to Payroll service via the secure Mimecast system.

- 506 Before the payroll is authorised a print of all data input should be created and verified against source documentation at Trust level by the Senior Management Accountant and Chief Operations Officer, with overview by Headteacher/Principal.

Payments

- 507 Before the payroll runs, an electronic file of salary payments by named individual and showing the amount payable in total is received from the payroll provider. The file must be reviewed and authorised, together with authority to release payment, by the relevant staff: Management Accountant (Newbridge & Riversides), Business Manager (Kingfisher), Senior Management Accountant and Chief Operations Officer (Vale).

- 508 Salary payments are usually made by BACS, in exceptional circumstances payment via the staff ledger within PSF, following confirmation of amount from the payroll provider Approval required by the Chief Operations Officer before issue.

- 509 The finance staff should prepare and sign off the reconciliation between the current month and the previous month's salary payments showing adjustments made for new appointments, resignations, pay increases and increments, maternity etc.

- 510 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, national insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and authorised for payment by the due date.

- 511 All schools shall send a copy of the approved file to the Trust Business Office. This will ensure that there is data backing up each payroll file being withdrawn from the single

Advance Trust bank account.

- 512 After the payroll entries have been posted to the finance system the nominal ledger will be updated. Postings will be made both to the payroll control account (Trust level) and to individual school nominal coding and inter-company balance sheet. The Senior Management Accountant reviews the payroll control account each month to ensure the correct amount has been posted from the payroll system, and that individual nominals have been correctly updated and to identify any amounts posted incorrectly.
- 513 On an annual basis the Chief Operations Officer and finance staff should check, for each member of staff, that the gross pay per the payroll system agrees to the contract of employment/annual salary statement held on the personnel file.
- 514 Staff Expenses claims must be authorised by the relevant line manager, with agreement given prior to activity. This should be reasonable and with due regard to public funds and backed up by VAT receipts for all claims - fuel receipts are required showing VAT for all mileage and car parking claims. **Please see Staff Expenses Policy**

Long Term Service Awards

- 515 The long service of employees is acknowledged by the Trust and in recognition of this, employees with over 25 years' service are eligible for a gift up to the value of £250.
- 516 This is purchased by the individual school establishment, for which they work, when the 25 years is achieved.
- 517 The long service can be accrued/carried forward through TUPE from service prior to academy conversion in any Trust member school, when it was a maintained LA establishment.

6. Purchasing

- 601 Where possible the Trust will obtain quotes as a group to facilitate economies of scale or items such as insurance, goods and services.

Pecuniary and Non-Pecuniary Interests

- 602 All member schools must maintain a register of the business interests of all those involved with financial management and administration e.g. Members, Directors, Governors and Academy staff (including all SLT)
- 603 It is important that anyone involved in spending public money can demonstrate that they do not benefit personally from the decisions they make. They must declare:
- Any links they have with firms or organisations from which the school may wish to buy goods or services
 - Any links to organisations that, whilst not directly beneficial financially, could be considered to conflict with their role in the running of the school
- 604 An individual must regard themselves as having a personal interest in a matter if they anticipate that a decision upon it might reasonably be regarded as affecting the wellbeing or financial position of:
- Themselves, a member of their family or a friend
 - A body which employs those persons, or for which those persons have any degree of ownership, control or management

605 The Trust wants to achieve the best value for money from all purchases. This means obtaining what is required for correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust;
- **Accountability**, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

Routine Purchasing

606 As a general principle procedure for purchasing should ensure that purchases are as required and are for bone-fide purposes and value for money is obtained in respect of all goods and services.

607 New suppliers will only be added to PSFinancials Purchase Ledger by the Trust Senior Management Accountant after completing due diligence checks and with the signed agreement of the Chief Operations Officer /Executive Principal. Schools should use appendix 10 to submit requests (available in excel format on request). The Senior Management Accountant will complete PSF set up centrally, once all checks prove satisfactory. This is in line with 2.6 Internal Control Academies Financial Handbook 2019.

608 No single individual will order, take delivery and pay for goods and services. Trust orders will be placed by Trust Office Manager or Management Accountant, upon receipt of a request (written or electronic) from an appropriate staff member and authorised by the Executive Principal or Chief Operations Officer as per agreed limits (over £10,000 and up to £10,000 respectively). Orders placed over the telephone will be confirmed by official order or email. School level policies must reflect personnel involved e.g. Finance Staff/ Headteacher and agreed limits.

609 Official orders must not be used to procure goods for private purposes.

610 Official order stationery is integral to the financial software.

611 When placing orders, it is the responsibility of the initiator to ensure that Financial procedures are adhered to.

612 Budget holders, where applicable, will be informed of the budget available to them and it is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

613 For orders in respect of the supply of goods and services the following procedures shall be adopted unless the Executive Principal or Chief Operations Officer is satisfied that it would not be practicable to do so:

614 Should the DfE framework number be used to access suppliers, best price has already been established by the DfE and therefore three quotes are not required.

615 Where there is a requirement for custom designed and specialist equipment from approved suppliers specific to the students' needs; there is no requirement for obtaining the 3 quotes,

due to the difficulty in gaining a like for like quote.

- 616 (a) Up to £2,500 - At least 3 prices to be examined wherever possible, these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists.
- 617 (b) £2,501 - £10,000 – a minimum of three prices shall be obtained and the details retained for the financial year
- 618 (c) £10,001 – £25,000 – independent written evidence of at least 3 prices shall be retained for examination. Independent written evidence means quotations provided on suppliers' headed notepaper.
- 619 (d) Over £25,000 – Formal Tender
- 620 Tender opening, two people from the following: Executive Principal, Chief Operations Officer, Chair of Trust Board alongside the school Headteacher; or appointed project management consultants, for larger capital build projects, may open and complete an initial assessment for consider.

European Rules

- 621 All Public-sector contracts, no matter what their value within European Union, are covered by a treaty which incorporate the free movement of goods and services, which prevents discrimination against firms on the grounds of nationality.
- 622 The Directives and Regulations require organisations to follow detailed procedures for all procurement above a financial threshold. The thresholds are reviewed every year.
- 623 A specific tender notice must be placed in the supplement to the Official Journal of the European Union (OJEU) to give all suppliers in the EU an equal opportunity to tender.
- 624 Tenders must be invited in accordance with one of the prescribed procedures (open, restricted, negotiated – there are also two separate urgency procedures).
<https://www.ojec.com/thresholds.aspx>
- 625 If the academy wishes to place a significant contract consideration must be for the lifetime value of the contract, not just a single year. the purchasing rules are complex; the Trust Board and school local governing bodies together with the Chief Operations Officer should review the purchase in accordance with the OJEU rule. Website reference and seek advice from their external auditor.
www.ipov.gov.uk/about/supply/supply-european.htm

Contract agreement

- 626 Contracts with a **lifetime value** of up to £50,000 (but with an annual value of no more than £10,000) can be approved by the Executive Principal or delegated to authorised staff up to £5,000 (being mindful of scheme of delegation restrictions).
- 627 All contracts with a **lifetime value** of over £50,000 must be approved by the Chair of Trust Board.

Use of Preferred Suppliers

- 628 The Trust have agreed that the suppliers detailed in Appendix 1 may be used without the need to obtain competitive quotes for all work **up to the financial limit within schemes**

of delegation. This list to be reviewed regularly. Periodic alternative quotes will be obtained to check suppliers remain competitive.

Director involvement

629 As well as ensuring that the above have been adhered to, it is the responsibility of the Chief Operations Officer to ensure that the Trust Board are consulted in the following circumstances:

- On purchasing decisions when the estimated cost of one item exceeds £10,000
- Review of quotations obtained where estimated costs exceed £10,000
- Review of quotations when the lowest quote is not the most suitable
- Related party transaction reporting AFH 3.10.4 - 3.10.7 pre-reporting and pre-approval requirements

Agreement can be given by the majority of the Board, including the Chair, via email if a meeting is not imminent, to place the order.

Purchases already included in the annual budget forecast in July are considered to have prior approval.

630 Orders are submitted by email or in writing to the Business Office(s) by staff authorised to requisition or those responsible for expenditure as per the School development plan. Further authorisation to be sought by finance staff as appropriate. All orders placed with suppliers must be made or confirmed electronically or with an official purchase order by a member of finance staff.

631 Purchase orders are recorded on the PSFinancials accounting system, allocated a reference number and dispatched to the supplier by finance staff.

632 The Business Manager/Management Accountant must make appropriate arrangements for the delivery of goods to the Trust if applicable. On receipt an appropriate staff member 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. Note: That if the goods have been marked as received (GRN) but are not yet invoiced (These must be accrued within the Management Accounts in a given period). PSF reporting will identify these.

633 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the school business office should be notified. The school Business Manager will keep a record of all goods returned to suppliers on the finance system.

634 All invoices should be sent to the relevant ordering school or to the Advance Trust Business Office.

635 The invoice should then be checked by the receiver of goods and signed to authorise payment these checks must be undertaken without delay.

636 If a budget holder is pursuing a query with a supplier the Advance Trust Business Office must be informed of the query and periodically kept up to date with progress. Note: Invoices can be marked as disputed within the PSF Purchase Ledger. Notes can be inserted here too. This will ensure that disputed invoices are not accidentally paid.

637 The Business Manager will then input details of payments to be made to the purchase ledger. The BACs payment run will be initiated centrally from September 2018 and will be

authorised in line with bank mandates.

- 638 In exceptional circumstances, cheques may be dispatched to suppliers by the central Management Accountant/Chief Operations Officer who will ensure all invoices are scanned, uploaded against PSF entries and filed. From September 2018 one bank account will operate and cheque payments will be phased out.

Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The Executive Principal and Chief Operations Officer will discuss and agree 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:** 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 is 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

- 640 Full consideration should be given to:
- objective of project
 - overall requirements
 - technical skills required
 - after sales service requirements
 - form of contract.

- 641 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

- 642 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.

643 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

644 The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. 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 be accepted.

Tender Opening Procedures

- 645 All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons from the following list: Executive Principal, Chief Operations Officer, Headteacher, Chair of Trust Board, should be present for the opening of tenders or appointed project management consultants, for larger capital build projects, may open and complete an initial assessment for consider.
- 646 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

- 647 The evaluation process should involve at least three appropriate 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. Blind scoring of tenders during triage to be undertaken as a first-round review.
- 648 Those involved in deciding must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 649 Full records should be kept of all criteria used for evaluation and for contracts over £10,000 a report should be prepared for the Trust Board highlighting the relevant issues and recommending a decision. For contracts under £10,000 the decision and criteria should be reported to the Trust Board.
- 650 Where required by the conditions attached to a specific grant from the DfE/ESFA, the department's approval must be obtained before the acceptance of a tender.
- 651 The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

VAT

- 652 Input VAT can be claimed by the Trust. This will be administered by each of the school settings at the end of each month, as part of the month end process, via the VAT 126 claims. HMRC require MAT's to send one consolidated claim which the central Senior Management Accountant coordinates.
- 653 The Trust will monitor whether the levels of external chargeable services, made as a whole, is within the current HMRC VAT registration threshold, and will register the Trust if the turnover exceeds the threshold.

7 Income

- 701 The main sources of income for the Trust are from the grants from the ESFA/DfE. The receipt of these sums is monitored directly by the Chief Operations Officer / Senior Management Accountant who are responsible for ensuring that all grants due to the Trust are collected. GAG income is split based on the GAG statement allocations provided by the ESFA, as confirmed by monthly remittances.
- 702 The Trust also obtains income from:
- Local Authorities for SEN High Level Need Top up funding, boarding provision and LAC

- Students and parents, mainly for catering and trips
- Sales of school meals to other school establishments
- The public, mainly donations or lettings.

703 Income, if received electronically from parents/carers, should be taken via the Payments4Schools system. This should be reconciled each month.

704 Income for the Trust (via journals), from the member schools, in relation to shared specific staffing costs, training etc will be reviewed each financial year end.

705 The Trust Senior Management Accountant will advise the individual schools regarding income on a monthly basis, providing guidance to entries onto the PSF finance system and use of intercompany accounting.

Trips & Catering Income (Dinner Money) at school level

706 Classroom staff/trip leaders will take responsibility for collection of sums due. All payments must be encouraged through payment system and not cash.

707 Students should make payments to the member of staff responsible or via the online payment system. A payment card or a class record must be used for all monies collected.

708 The responsible member of staff must record the payments and hand all monies to the business office at the earliest opportunity (monies are not insured unless this is done). Business Manager/finance staff are to check and log receipt of all monies and obtain the signature of the responsible member of staff.

709 For trips where payments may be made in instalments, the responsible member of staff should maintain an up to date record for each student showing the amount paid and the amount outstanding.

Lettings

710 The finance staff are responsible for maintaining records of bookings of lettings and for identifying the sums due from each organisation. Payments should be made in advance for the use of facilities.

711 Organisations using the facilities should be instructed to send all payments to the Business Office.

Custody

712 Official receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the **£1,000 cash, insurance limit in the safe** (see individual school level policy)

713 Monies collected must be detailed in their entirety directly paid into the bank account. The finance staff/ Business Managers are responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Headteacher/Chief Operations Officer.

8 Cash Management

Bank Accounts

- 801 The opening of accounts must be authorised by the Trust Board who must set out the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

School Fund accumulated balances, above £10,000 for Kingfisher, Newbridge and Riversides and £20,000 for Vale of Evesham School, will be transferred to the Trust bank account at the end of the summer term by the central team, Additional transfers, if linked to specific grant criteria and paid invoices, can also be made during a financial year and reflected in the donations and grants PSF nominal coding.

Deposits

- 802 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil and logged on the finance system or the school fund management system as appropriate. The details should include:

- the amount of the deposit and
- a reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

- 803 All cheques authorising withdrawal from the Trust bank account must bear the signatures of two of the following authorised signatories:

- Executive Principal
- Chief Operations Officer
- Chair of Trust Board

- 804 All cheques authorising withdrawal from school level, school fund or residential pocket money bank accounts must bear the signatures of two/three of the following authorised signatories.

- Headteacher
- Chief Operations Officer/Business Manager

- 805 At school level multi-pay cards are used in all four settings with monthly limits set at Trust level.

- 806 With one bank account now operating the use of multi-pay cards has replaced debit cards in school settings. If a multi-pay card is taken off site e.g. by teaching staff to use for educational visits please ensure the following is in place:

1. Prior agreement documentation signed off by budget holder/Headteacher
2. Date/time card is sign in/out, and to whom
3. Receipts are returned on the same day with the card
4. Transactions are added to the spreadsheet for the month's use to balance to statement centrally

Administration

- 807 The Chief Operations Officer must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must

ensure that:

- the bank account is reconciled to the accounting system
- reconciliations are prepared by the Senior Management Accountant and subject to an independent monthly review carried out by the Chief Operations Officer or in his/her absence their Responsible Officer and adjustments arising are dealt with promptly.

Petty Cash Accounts

- 808 The individual schools will maintain a maximum cash balance (circa £300) as detailed in local financial procedures which may be increased in exceptional circumstances with prior agreement from the Chief Operations Officer e.g. summer activities. The cash is administered by finance staff and is kept in a safe/locked cabinet on site. Spot checks are carried out by the Senior Management Accountant or other central staff, in line with insurance requirements and good practice. The petty cash system will be reduced due to the introduction of a twice monthly payment run, via the PSF Staff Ledger.

Payments and Withdrawals

- 809 By the very nature of the term “petty” cash, this is for small ad hoc purchases when best value is identified and not meant to replace the use of orders/non-order invoices on the PSFinancials processing system.
- 810 In the interest of security, individual petty cash school claims should be limited to £100, payments for all amounts will be made via the staff ledger for all claims unless very minimal and cash in school allows for instant repayment.
- 811 Staff expenses should not be made from petty cash, it should be claimed via the staff expenses claim form and paid via BACS.
- 812 Administration/Finance staff are responsible for entering transactions into the petty cash records on a prompt basis and regular, as well as unannounced, cash counts should be undertaken by another member of the school/central finance team to ensure that the cash balance reconciles to supporting documentation.

Physical Security

- 813 Petty cash should be held in a locking cash box which is kept in a locked cabinet or safe overnight.

Cash Flow Forecasts

- 814 The Management Accountant/Chief Operations Officer are responsible for reviewing cash flow to ensure that the Trust has sufficient funds available to pay for day to day operations in line with the reserves policy. If significant balances can be foreseen, steps should be taken to invest the extra funds having considered all planned projects e.g. major building works and regular commitments. Similarly plans should be made to transfer funds from another bank account or to re-profile annual spending plans to cover potential cash shortages.

Investments

- 815 The Chief Operations Officer can deposit up to £600,000 in a ‘no risk’ investment account (mindful of compensation scheme limits) for a period that is deemed suitable to satisfy the cash flow of the academy. All interest made is to be invested into the Trust budget. Chief Operations Officer

816 The Executive Principal can authorise up to £600,000 to be invested as above e.g. in a 32-day Notice account.

817 The Trust Board will authorise all investments above £600,000 on the recommendation of the Chief Operations Officer/Executive Principal.

9 Fixed assets

Asset register

901 All new items purchased with a value over the Trust's capitalisation limit (individual value of £500 but lower if desirable assets e.g. iPad) must be entered in an asset register on a monthly basis and sent to the central Trust office Management Accountant. Assets are capitalised at year-end (Aug) within PSF Fixed Asset Register. Any depreciation associated with these additions are also posted at this stage to ensure all costs are accounted for within the correct Academic Year. The asset register should include the following information if available:

- 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

902 Where one total invoice value is greater than the £500 capitalisation limit, this will be included as capital rather than the individual items.

903 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

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

- 905 All the items in the register should be permanently and visibly 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 Board. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this should be noted.

Disposals

- 906 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Executive Principal/Governors (as below) and, where significant, should be sold following competitive tender. The Trust must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant was paid. See point 83 - 89 of the Master Funding Agreement and Academies Financial Handbook 5.22 and 5.23

- the Executive Principal up to a limit of £500
- Chair of Governors £501 - £1000
- Trust Board may authorise write-off of debts above £1000 taking into account MFA & AFH criteria referenced above.

- 907 Disposal of equipment to staff is not encouraged, 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.

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

- 909 All disposals of land must be agreed in advance with the Secretary of State in line with the Master Funding Agreement.

Loan of Assets

- 910 Items of Trust property must not be removed from Trust premises without the authority of the Executive Principal. A record of the loan must be recorded in a loan book and booked back in when it is returned.

- 911 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.

Depreciation

- 912 Depreciation rules are applied across the Multi Academy Trust, on a straight-line basis, as follows:

Buildings	50 years
Plant & Machinery	5 years
Motor Vehicles	4 years
Fixtures & Fittings	5 years
Computer Equipment	3 years

The individual academies are responsible for applying the monthly depreciation rule on the accounting system under advice from the Management Accountant.

Appendix 1: Current Approved Suppliers (for use only below Scheme of Delegation levels)

Alternative Provision	Acton Mill Care Farm Barnados Brambles Country College Longlands Care Farm CIC	Archway Community College Heart of Worcestershire College Your Ideas
Alarm specialists:	Crimestop Security & Fire Ltd Firesafe	
Building Contractors: (small works)	Simon Best Dave Holland Peter Ames (General Builder)	
Catering Suppliers	Creed Holdsworth Nisbets Pershore Produce	
Drainage Contractor	Aquajet Rod	
Electrical contractor:	Ford Electrical Severn Electrical	
Flooring contractor	Dorrells of Malvern	
Furniture Supplier	British Thornton John Knight Interiors	
Gas contractor:	EMS Spa Gas	
Glass contractor	Roman Glass The Glasshouse Worcester Glass Centre	
Specialist Medical Kit	Jenx R82 Symmetrikit	
Telephones	Adept Telecom (Framework order) NetBuilder (previously County Infra Structures)	
Tools	Axminster Tools	
Transport Provision	Andy's Taxi Cabs Blue Door Henshaw's Sterling Carz	B&H Cars CW Travel Regency

Appendix 2: Procurement - Best Practice Checklist

1. **Policies and procedures for procurement should be documented and adhered to**, to ensure that the process is being carried out on a fair, open and best value basis. The documentation should describe:

- **roles and responsibilities** of those involved in procurement (e.g. Trust Board, Executive Principal, Chief Operations Officer, other senior managers and the Advance Trust Business Office);
- **delegated authority levels**, in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the Trust Board;
- **arrangements to ensure segregation of duties**;
- **how purchases are recorded** (papers records and computer records (e.g. accounting system arrangements)).

In all cases it is important to ensure that the procedures that are set out are followed, both for routine day to day procurement, and for periodic high value items.

2. Where appropriate, **individuals with relevant experience including the end-users (e.g. ICT managers, teachers) should be involved** when putting together invitations to tender or making key decisions. This will not only aid selection of the best solutions for the Trust but may also help achieve buy-in by the end-users.

3. An officer should be nominated for coordinating the initial procurement of assets, and stocks of teaching and learning materials, during the Trust's start-up period. This person should provide an assessment of the completeness and reasonableness of items procured, to ensure that all essential purchases are made prior to opening, and that they non-essential purchases are challenged.

4. **Procurement decisions should be clearly recorded** to ensure that the decision has been reached fairly and to provide a clear audit trail:

- minutes should be taken of all relevant meetings;
- the options available should be recorded;
- the basis for scoring/ranking should be set out;
- the individuals responsible for scoring/ranking should be identified;
- the outcome of the scoring and the final decision should be recorded;
- the reasons on which the decision was reached should be clearly documented.

5. **All key documents should be retained together by the Trust/Schools.** This includes:

- invitations to tender;
- tenders received from bidders;
- quotes obtained for smaller purchases;
- papers/minutes documenting the procurement decision;
- signed copies of the contracts awarded;
- invoices.

Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT, furniture and equipment prior to moving into a new building) key documents should be transferred to, and retained by, the academy prior to cessation of the contract with the project management company.

6. **An asset register of all capital items should be established in an appropriate format and should be updated on a continual basis as assets are purchased.** The register should include where possible:

- 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

Updating of the register as assets are procured should ensure that it is always current and should ease the task of end of year asset verification. It should also simplify the setting of insurance levels and the handling of any claims.

A similar register should also be maintained of “attractive items” (i.e. items with a cost below the Trust’s capitalisation threshold) such as minor office equipment.

7. **Fitness for purpose should be a key consideration in any procurement decision** (e.g. ICT should be of the correct specification; fixtures and fittings should be of adequate durability).
8. Opportunities should be taken for **bulk purchase discounts**, for example by combining similar orders.
9. When ordering goods an assessment of likely **delivery timeframes** should be made, to ensure that appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.

Appendix 3: Responsible Officer Assurance Visit Checklist

The purpose of the Responsible Officer/Assurance Visit is to provide the Trust Board with on-going independent assurance that, in line with relevant guidance e.g. Accounts Direction, Charities SORP, Academies Financial Handbook etc:

1. The financial responsibilities of the Trust Board are being properly discharged
2. Resources are being managed in an efficient, economical and effective manner
3. Sound systems of internal control are being maintained
4. Financial considerations are fully taken into account in reaching decisions.

Trust Board needs to approve the programme proposed to review in conjunction with the Executive Principal which may relate to areas such as:

- a) Schemes of Delegation
- b) Performance Management process
- c) risk management processes
- d) monthly bank reconciliations, payrolls, reporting
- e) Expense claims
- f) Income receipts
- g) Invoices raised
- h) Review of prepayments and accruals journals
- i) The use of multi-pay cards
- j) Returns to the ESFA
- k) VAT returns
- l) Spot checks of petty cash
- m) Review all major contracts and ensure formal tendering procedures exist and are being adhered to.

Appendix 4: Best Value Strategy

1 Introduction

1.1 This establishes the Trust's Best Value Strategy for purchasing. It sets out:

- Why a best value strategy is needed;
- The benefits to the Trust of having a best value strategy;
- The key approaches to best value.

1.2 The strategy will, at this stage, concentrate on obtaining best value in purchasing. This can be extended to other key areas, such as the delivery of curriculum; at a later date should the Trust Board feel this would be beneficial.

2 Why the strategy is needed

2.1 Best Value is a statutory duty on local authorities to secure continuous improvement in the way that services and functions are exercised by the most economic, efficient and effective means possible. Whilst best value does not apply statutorily to the Trust Board it is expected to demonstrate that it follows best value principles in the expenditure of public money, and as part of evaluating standards, the curriculum, partnership with parents and management.

2.2 In managing their budgets all Trusts should be striving to utilise available funding in the most efficient and effective manner for the school. Key to this is seeking to obtain best value for all purchases being made.

2.3 The principles of Best Value have received a significant level of exposure to the general public. This higher profile has resulted in a far greater level of awareness, understanding and expectation by parents and in many cases the students of the Trust. The Trust has a duty to be open in ensuring that all stakeholders are aware of how it intends to ensure best value is obtained.

2.4 The DfE's Fair Funding Scheme establishes a requirement on Trusts to consider best value. As part of the scheme there is a requirement on all academies to submit, along with their annual plan, a best value statement. This should set out the steps being taken in the course of the year to ensure that expenditure, particularly in respect of large service contracts, will reflect the principles of the Best Value regime. The formulation of a strategy will help the academy meet these requirements.

2.5 Finally, the development and introduction of a best value strategy, would give the Trust the opportunity to be at the forefront, leading on an area other Trusts will have to become involved in over the next few years.

3. The benefits of a Best Value strategy

3.1 The introduction of a Best Value strategy will provide a number of key benefits to the academy.

- The strategy will formally establish, and help to highlight, the directors' commitment to creating a best value culture throughout the Trust.
- The strategy will raise awareness of the benefits the Trust can obtain from working towards a best value culture.
- The strategy will help to clarify directors and staff responsibilities in relation to best value.

- The strategy will provide a framework within which the Trust can work towards creating a best value culture.

4. Approach to Best Value

4.1 The aim of the Best Value strategy is to help the Trust achieve continuous improvement in the way it carries out its purchasing function. The approach used to ensure such improvements are achieved is to carry out a regular programme of review by applying the four key principles of best value:

- Challenge -why, how and by whom the service is provided
- Compare -performance against others
- Consult -with key stakeholders
- Compete -the use of competitive measures, wherever practicable, to secure efficient and effective provision.

4.2 By applying these principles to all aspects of the purchasing procedures, the Trust can ensure that it is working positively towards establishing a process that will deliver, monitor and improve the efficiency and effectiveness of the purchases being made.

4.3 Utilise ESFA best value guidance relating to procurement as identified in AFH.

Appendix 5: Risk Management Policy

Rationale

The risk management policy is to be read in conjunction with the Risk Register analysis completing using the GRC One for Academy Trusts software; this risk management package has been produced jointly with the Finance Directors Forum. (<https://education.grc1.com/Execeye/Account/Login.aspx>)

Policy

Risk identification and assessment including the formulation and management of appropriate mitigation strategies will be managed by the Headteacher and Governing bodies of each individual school, using the GRC 1 system. Advance Trust will use the system to identify Business Risks at Trust level. The individual risk registers will be rolled up and reviewed at Board level for overview and assurance.

The Board has established a Sub-Committee to carry out this process; the Audit, Risk & Compliance Committee, which is chaired by a Director, considers matters relating to risk management, control, external and internal audit.

In terms of the Risk Management the Committee shall:

- a. Keep under review the adequacy of the design and effectiveness of the implementation of Advance Trust's internal controls and risk management systems (including information systems and security).
- b. Review and approve any statements to be included in the Financial Statements concerning internal controls and risk management.
- c. Report to the Board, Advance Trust's risk appetite, tolerance and strategy and oversee current significant risk exposures for Advance Trust and future risk strategy, with recommendations to the Board on actions to take.
- d. The Committee shall use the GRC One format to review identified Core Risks, the associated Threats and Control measures in place to monitor, mitigate, or, accept the risk, according to impact and likelihood of each risk identified. Value for money shall be considered in formulating an appropriate response to each risk, to avoid the over control of minor risks and the under-control of major ones.
- e. Risks which have "**Pre** Mitigation Score" of 5 or over ("RED" risks) will be reviewed at the Audit and Risk Committee, where considered necessary these will be escalated to the Board as appropriate. Risks which have a **Post** Mitigation Score of 5 or over

(“RED” risks) will be escalated to the Board and should be Identified on the School specific

- f. Review strategy in line with guidance, one approach to consider involves the 4 T’s – Tolerate, Treat, Transfer, Terminate (and GRC1 advocates including Track).
<https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/academy-trust-risk-management#fnref:1>

Local Risk Meetings

Risk management meetings should take place at appropriate intervals (at least termly and prior to a full Board meeting) to inform business planning, Trust Governance and audit programmes, including when the budget setting process begins. Risk management should be carried out with full sight of the Trust’s strategic objectives (as stated in the Trust development plan).

All appropriate Governors and staff members should be consulted as necessary. The Chief Operations Officer and Headteachers will consider the risks and review reports accordingly.

The objectives of local risk meetings are as follows:

- discuss and agree that all involved are satisfied with the list of risks;
- determine the appropriate response to each risk;
- assess existing controls and determine appropriate action;
- allocate responsibility for action; and
- agree future reporting and review procedures.

The process will produce a list of risk management actions. Clear responsibilities should be allocated to these actions along with a deadline for the action to be completed and a scheduled date for review.

A final version of the risk register may be circulated to all relevant members of the organisation (directors and leadership teams – local level governors) who shall be asked to confirm the accuracy of the register. A copy shall be accessible via the Trust Governor website so that all staff and governors are aware.

Appendix 6



FINANCIAL RESERVES POLICY

This policy should be read with reference to the document Charities and Reserves (CC19) from the Charity Commission.

<http://www.charitycommission.gov.uk/publications/cc19.aspx>

Background

An academy is an exempt charity, regulated by the Department for Education (DfE). The Education & Skills Funding Agency (ESFA) expects charities to have a reserves policy. An academy should follow Charity Commission guidance when setting a reserves policy. Their guidance is based on the requirements of charity law, the Charities SORP (Statements of Recommended Practice) and good practice.

Charity Commission guidance states that:

Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes. This definition excludes restricted income funds and endowment funds, although holding such funds may influence a charity's reserves policy. Reserves will also normally exclude tangible fixed assets held for the charity's use and amounts designated for essential future spending.

Deciding the level of reserves that a charity needs to hold is an important part of financial management and forward financial planning. Reserves levels which are higher than necessary may tie up money unnecessarily. Holding excessive reserves can unnecessarily limit the amount spent on charitable activities, reducing the potential benefits a charity can provide. However, if reserves are too low then the charity's solvency and its future activities can be put at risk.

All charities need to develop a policy on reserves which establishes a level of reserves that is right for the charity and clearly explains to its stakeholders why holding these reserves is necessary.

The Charity Commission advises trustees that:

- Charity law requires any income received by a charity to be spent within a reasonable period of receipt. Trustees should be able to justify the holding of income as reserves.
- Reserves are that part of a charity's unrestricted income funds that is freely available to spend.

- Where the trustees have a reserves policy, this policy must be set out in the trustees' annual report.
- If the trustees have not set a reserves policy, this should be stated in the trustees' annual report.
- A good reserves policy takes into account the charity's financial circumstances and other relevant factors.
- It is good practice to monitor the level of reserves held throughout the year.

Introduction

The Trust Directors need to consider the level of reserves schools should hold as levels which are too high tie up money which should be spent on current school year activities; levels of reserves which are too low may put future activities at risk.

The aim is to carry forward sufficient funds to meet approved long-term capital projects, ensuring that this does not affect operational activities.

The Trust's Reserves Policy

The policy:

- assists in strategic planning by considering how new projects or activities will be funded.
- informs the budget process by considering whether reserves need to be used during the financial year or built up for future projects.
- informs the budget and risk management process by identifying any uncertainty in future income streams.

During the Financial Year

The Directors and/or Local Governors identify:

- When reserves are drawn on, so that they understand the reasons for this and can consider what corrective action, if any, needs to be taken.
- When reserve levels rise significantly above target so that they understand the reasons and can consider the corrective action, if any that needs to be taken.
- Where the reserves level is below target and consider whether this is due to short-term circumstance or longer-term reasons which might trigger a broader review of finances and reserves.

Development of the Trust's Reserves Policy

When considering an appropriate level of reserves, the Directors/Local Governors consider:

- The risk of unforeseen emergency or other unexpected need for funds.
- Covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence.
- A fall in a source of income or delay in receipt, such as SEN Top up funding, shortbreaks or outreach funding

- Planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project.
- The need to fund potential deficits in a cash budget, for example money may need to be spent before a funding grant is received.
- The financial risks identified determine the amount of reserves the academy targets to hold.

In-year reports to Directors and Local Governors

In-year reports:

- Compare the amount of reserves held with the target amount or target range set for reserves.
- Explain any shortfall or excess in reserves against target set.
- Explain any action being taken or planned to bring reserves into line with target.
- Monthly reviews of restricted and unrestricted surplus balances, e.g. reserves held on the balance sheet from previous year(s), are carried out in all schools to provide clarity to the Trust Board prior to consolidation.

Annual financial statements

The Trust's reserves policy disclosed in the trustees' report will include the following information:

- Why reserves are held.
- What amount/range of reserves is considered appropriate for the academy trust.
- What the level of reserves is at the year end.
- How the academy trust is going to achieve the desired level or range of reserves.
- How often the reserves policy is reviewed.

Target range of reserves for the financial year

Advance Trust has agreed that a consolidated, reserve level of £600,000. The reserve should equate to one month's average running costs (including payrolls) for all four schools together with the central service.

The figure is based on analysis of the above and the likelihood that they may occur and the amount of funding that would be required if they did. **The level of reserve will be reviewed on an annual basis as part of the budget setting plan.** Restricted funds e.g. CIF grants may be held for major building works

N.B. Emergency Board meeting in Spring 2019 agreed to pool reserves *

Monitoring and evaluation of the policy

This policy will be monitored regularly for any changes in legislation or directions from the DfE which may have an effect and evaluated in the light of any comments made by the DfE, ESFA, auditors, charities commission and any other interested parties.

Reviewing

The Accounting Officer and Directors will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to, and annually in line with the review of Financial procedures policy.

February 2020

Appendix 7 - Authorisation Levels – PSF Finance System/ Lloyds Online Banking/Cheque Signatories

The Trust has levels of authorisation to ensure that monies are handled efficiently and correctly.

PSFinancials - Purchase Order Authorisation Levels

For authorisation of invoices the **following limits apply in PSF** (Subject to change as and when there are changes in personnel):

Advance Trust

Senior Management Accountant	Up to £500
Chief Operations Officer	Up to £10,000
Executive Principal	Over £ £10,001 up to £25,000

Vale of Evesham

Business Manager	Up to £500
Headteacher	Up to £4,000 only without prior approval

Kingfisher School

Business Manager	Up to £500
Executive Headteacher	All Amounts up to £4,000 only without prior approval

Newbridge School

Management Accountant	£500
Chief Operations Officer	Up to £10,000
Executive Principal	> £10,000 only, without prior approval

Riversides School

Management Accountant	Up to £500
Executive Headteacher	All Amounts up to £4,000 only without prior approval

Lloyds Bank BACS Payments

Chief Operations Officer to check and authorise followed by Executive Principal second authoriser.

Chief Operations Officer

Cheque signatories (N.B. one central bank account)

Advance Trust

The Executive Principal, Chair of Trust Board and Chief Operations Officer
(any two of three)

Appendix 8: Trust Responsibilities

1. Income

The Trust receives all member schools' income from the ESFA and where applicable Worcestershire County Council due to the systems these establishments operate directly into one bank account. The Trust will advise all non-standard income (standard being ESG (phasing out by 2020), Post 16, Pre 16, 16-19 allocations, SEN top up payments) to the recipient school in a timely manner so transactions are recorded in the accounting system (PSF) correctly. transactions will be recorded in the accounting system (PSF).

2. Inter-Company Transactions

To facilitate transactions across the Trust and support consolidation accounting, relating to income received directly into the Trust's bank account; and central expenditure, the use of inter-company balance sheet is utilised.

3. Trust Accounts

The Business Office will produce a set of consolidated accounts which will be filed for the whole of Advance Trust.

Budget returns will also be the responsibility of the Trust to consolidate and submit to the relevant authorities (ESFA). This is after all schools have produced their own local PSF & ESFA budget forecasts and gained authorisation by Local Governing Bodies to submit to the Trust for consideration.

4. Companies House

Information will be updated by the Chief Operations Officer, acting as Company Secretary, this to include the requirement to maintain a PSC Register (Persons with Significant Control) as necessary.

5. Fundraising

The Trust is mindful/aware of the requirements of the Charities (Protection and Social Investments) Act 2016, primarily fundraising is undertaken by staff or parents and no professional fundraisers work with the Trust currently.

Links with commercial participators are only relevant where local firms have donated (voluntarily) equipment e.g. laptops. However, no cash exchanges have taken place.

Methods to generate income include bid writing, raffles (under license), crowd funding and PTA activities. PTA groups have a link member of staff who provides oversight and represents the Trust to ensure its values and ethos are understood and put into practice.

Fundraising is recognised as an important aspect to support income generation and provides alternative sources of income, outside public sector funding.

No fundraising complaints have been received, but if they were the complaints policy would be followed.

The Trust is mindful of the requirement to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate. As a Trust comprising a group of special schools and an alternative provision awareness is already heightened to these possibilities.

Trustees have access to reference materials providing regulatory guidance including, but not limited to:

<https://www.fundraisingregulator.org.uk/code/key-principles>

<http://www.legislation.gov.uk/ukpga/2016/4/section/13/enacted>

<https://www.gov.uk/government/publications/charities-and-fundraising-cc20>

Further information relating to the Trust responsibilities are available in the Schemes of Delegation on the website <http://www.advancetrust.org/Governance.php>

Appendix 9: Pecuniary and Non-Pecuniary Interest form.

Declaration of Interests

Please complete the form below and return to the Clerk to Governors or Trust Board.

The Academies Financial Handbook states that the Academy Trust's register of interests must capture relevant business and pecuniary interests of members, trustees, local governors of academies within a MAT and senior employees. **Please note this includes your current employment.**

I hereby certify that I understand that it is my responsibility to declare the nature of all business or personal interests, whether direct or indirect, of myself, my partner and/or members of my immediate family that could benefit unfairly from my relationship and connection with the School/Trust.

I agree to inform the governing board of any changes, or new interests at the earliest possible opportunity, but not less than annually and give consent for the information provided to be used in accordance with the Academies Financial Handbook.

Name:			
Role:		School/Trust:	
Signature:		Date:	

It is highly important that all related parties are disclosed, whether you believe the Trust will transact with them or not, to ensure completeness.

I wish to declare an interest and have included further details below:

	Name of the business	Nature of the business e.g. construction	Nature of the interest e.g. business or pecuniary, level of ownership, percentage of shares held.	Date the interest began
Current employment (including self – employment)				
Partnerships/ Business (of which I am a partner or sole trader)			Please also include names of other partners:	
Company directorships – details of all companies of which I am a director				

Charity trusteeships – details of all charities of which I am a trustee				
Any other connection with an Educational establishment i.e. governor				
Membership of professional bodies, membership organisations, public bodies or special interest groups of which I am a member and have a position of general control or management				

In addition to the above, I declare the following personal interests:

Personal Interests	Name	Relationship to me	Name of the Business	Nature of the interest e.g. owner, sole trader
Company directorships or trusteeships held by a family member and/or close connection e.g. best friend				

Guidance Notes

Governors and trustees have a legal duty to act only in the best interests of their schools. Where a situation arises in which they cannot do this due to a personal interest they have, steps should be taken to identify, prevent and record the conflict. This ensures governors or trustees are acting in the best interests of the school.

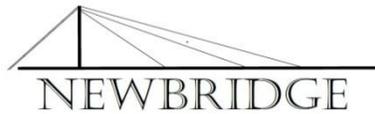
The Academies Financial Handbook guidance advises that the academy trust’s register of interests must capture relevant business and pecuniary interests of members, trustees, local governors of academies within a MAT and senior employees, including:

- directorships, partnerships and employments with businesses
- trusteeships and governorships at other educational institutions and charities
- for each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began.

Section 3.10.12 states that ‘a trust must pay no more than ‘cost’ for goods or services provided to it by the following persons (‘services’ do not include contracts of employment):

- any member or trustee of the academy trust
- any individual or organisation related to a member or trustee of the academy trust. For these purposes the following persons are related to a member, or trustee:
 - a relative of the member or trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
 - an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
 - a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
 - an organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes.
- any individual or organisation given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or any body connected to such individual or organisation
- any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or any body connected to such individual or organisation.

For more information please read the Academies Financial Handbook [here](#). This is also available on the Advance Trust website within the Documents section, then 'Finance'.



Vale of Evesham School

A specialist school for cognition and learning - enabling excellence in the community

Advance Trust, a Charity and Company limited by guarantee, registered in England and Wales Company number 08414933 whose registered office is at Vale of Evesham School, Four Pools Lane, Evesham, Worcs, WR11 1BN
Executive Principal: Liz Hayward Telephone: (01386) 442753 email: enquiries@advancetrust.org

Appendix 10: New Supplier Request Form



Enter School Name - New Supplier Account Details

<small>For Finance Use Only</small>	
Supplier Number:	<input type="text"/>

PLEASE FILL IN THE BOXED AREAS BELOW AND E-MAIL THE FORM BACK TO: finance@advanotrust.org

Supplier Name	<input type="text"/>	
Address Line 1	<input type="text"/>	
Line 2	<input type="text"/>	
Line 3	<input type="text"/>	
Line 4	<input type="text"/>	
Line 5	<input type="text"/>	
Post Code	<input type="text"/>	
Country	<input type="text"/>	
Telephone	<input type="text"/>	E-mail <input type="text"/>
Contact Name (Sales)	<input type="text"/>	

Please Note: For payment to be processed we need a copy of your bank details on Company Headed Paper and specified on your Invoices.

Contact Name (Payments)	<input type="text"/>		
E-mail address for future BACS Remittance	<input type="text"/>		
Supplier Bank Sort Code	<input type="text"/>	<input type="text"/>	<input type="text"/>
Supplier Bank Account Number	<input type="text"/>		
Branch Address	<input type="text"/>		
	<input type="text"/>		
	<input type="text"/>		

Credit Terms (Days)

Payment Method

VAT Reg Number

Company Reg. No

If you are Self Employed either a Sole Trader, a Director of your Own Company or in a Business Partnership then please also complete the HMRC form using the link below and return the completed results along with this form to the email above (a PDF will <https://www.tax.service.gov.uk/check-employment-status-for-taxi-setup>)

FINANCE USE		
Authorised by	Name (Print)	<input type="text"/>
	Date	<input type="text"/>
VAT Validation:	<input type="text"/>	
Company Validation:	<input type="text"/>	Notes: <input type="text"/>
Requested by	Name (Print)	<input type="text"/>
	School/Department	<input type="text"/>
	Date	<input type="text"/>



Name Date

I declare that I have registered with HMRC as Self-Employed. My nature of business is
..... I have been issued with a Unique Tax
Reference for this business and my UTR Number is as follows

.....

I am responsible for paying my own Tax and National Insurance and confirm that I have the
appropriate **public liability insurance** in place.

The policy details are

Company Name

Policy Number

Find a copy of the policy attached.

PRINT NAME

SIGNATURE

DATE