



FINANCE REGULATIONS POLICY

Reviewed & Approved by: Finance, Audit & Risk Committee

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Contents

1. Introduction	5
2. Organisation	5
The Board of Trustees	5
The Finance, Audit and Risk Committee.....	6
Internal Scrutiny	6
The Accounting Officer (CEO).....	7
The Chief Financial Officer (CFO).....	9
Other Staff.....	9
Register of Interests	9
Related Party Transactions.....	10
Setting executive pay.....	10
Publication of pay	11
Tax arrangements for senior employees	11
Novel, contentious or repercussive transactions	11
Cyber Crime	12
3. Accounting system.....	12
System Access	12
Back-up Procedures	12
Transaction Processing.....	12
Reconciliations	13
4. Financial Planning	13
Annual Budget.....	14
Balancing the Budget.....	14
Finalising the Budget.....	14
Monitoring and Review	15
5. Payroll	15
Staff Appointments	15
Payroll Administration.....	15
Special Payments	16
6. Purchasing.....	17
Supplier Purchase Ledger	18
Purchasing Procedures - Orders.....	18
Emergency Purchases.....	19
Competitive Purchasing Requirements	19
Professional Advice	20
Non-competitive purchases	20
Forms of Tenders	20
Tender Acceptance Procedures	22
Tender Opening Procedures	22
7. Income	22
Trips	23
Catering Income	23
Bad Debts.....	24
8. Cash Management & Banking.....	24
On-Line Banking	24

Borrowing:	25
Deposits	25
Petty Cash Accounts.....	25
Purchase Cards.....	25
VAT.....	26
Cash Flow Forecasts	26
Investments.....	26
9. Fixed assets.....	26
Fixed Asset Register	27
Disposals	28
Loan of Assets	28

1. Introduction

The purpose of this manual is to ensure that The Epsilon Star Multi Academy 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 our funding agreement with the Department for Education (DfE).

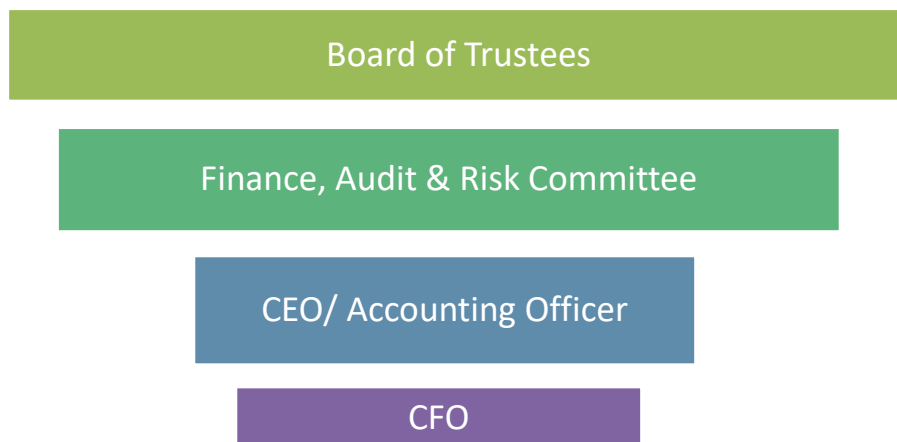
The Trust must comply with the principles of financial control outlined in the Academies' Guidance, published by the DfE, primarily, the [Academy Trust Handbook](#). This policy expands on that and provides detailed information on the Trust's accounting procedures and systems. It should be read by all staff involved with financial systems.

This policy should also be read in conjunction with the following Trust documents:

- Scheme of Financial Delegation
- Whistleblowing Policy
- Reserves Policy
- Investment Policy
- Risk Management Policy

1. Organisation

The Trust has defined the responsibilities of each person involved in the administration of Trust finances, to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below.



The Board of Trustees

The Board of Trustees has overall responsibility for the administration of the Trust's finances.

The main responsibilities of the Board of Trustees are prescribed in the Funding Agreement between the Trust and the DfE and in the Trust's scheme of government. The main responsibilities include:

- ensuring that funding grants received from the DfE is used only for the purposes intended
- approval of the annual budget
- appointment of the CEO
- appointment of the CFO, in conjunction with the CEO

The Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee is a committee of the Board of Trustees. It meets at least four times a year, but more regularly if needed.

The main responsibilities of the committee are detailed in the written terms of reference for this committee, which have been authorised by the Board of Trustees. The main responsibilities of this committee include:

- the initial review and authorisation of the annual budget
- review of the monthly management reports including budget v actual variances against the budget set
- ensuring the annual accounts are produced in accordance with the requirements of the Company Law and the DfE guidance issued to academies
- authorising the award of contracts over £50,000
- approving budget virements over £20,000
- reviewing and approving the trust's Pay Policy and annual pay recommendations
- reviewing the reports of the internal auditors on the effectiveness of the trust's financial and other procedures and controls. These reports are also reported to the full Board of Trustees.
- reviewing and approving the Trust's Financial Regulations and Scheme of Financial Delegation
- reviewing and appointing the Trust's internal auditors.
- directing the Trust's programme of internal scrutiny and reporting to the board on the adequacy of the Trust's financial and other controls and management of risks; this includes the academies of the Trust.
- Reviewing the Trust's risk register and ratings and responses on the risk register to inform the programme of internal scrutiny
- Receiving reports and updates on premises, health and safety

Internal Scrutiny

The trusts **must** have a programme of internal scrutiny to provide independent assurance to the Board of Trustees that its financial and non-financial controls and risk management procedures are operating effectively. Internal scrutiny **must** focus on:

- evaluating the suitability of, and level of compliance with, financial and non-financial controls
- offering advice and insight to the board on how to address weaknesses in financial and non-financial controls

- ensuring all categories of risk are being adequately identified, reported and managed and **must**:
- be independent and objective – for example it **must not** be performed by members of the senior leadership or finance team
- be conducted by someone suitably qualified and experienced and able to draw on technical expertise, as required
- be timely, with the programme of work spread appropriately over the year so higher risk areas are reviewed in good time
- include regular updates to the audit and risk committee by the internal scrutineers carrying out the programme of work, incorporating:
 - a report of the work to each audit and risk committee meeting
 - an annual summary report to the audit and risk committee for each year ended 31 August outlining the areas reviewed, key findings, recommendations and conclusions, to help the committee consider actions and assess year on year progress

Whilst the Finance, Audit and Risk Committee is responsible for overseeing the internal scrutiny, the findings **must** also be made available to all trustees promptly.

To support the Finance, Audit and Risk Committee to undertake their role, the committee has commissioned a programme of internal assurance testing to be carried out by SAAF Education. The Trust must ensure those carrying out the programme of internal scrutiny work are suitably qualified or experienced:

- auditors should be members of a relevant professional body
- trustees and peer reviewers performing the work should have appropriate qualifications or experience relevant to the area being reviewed

The trust **must** keep its approach to internal scrutiny under review. If it changes in size, complexity or risk profile, it should consider whether its approach remains suitable.

The trust must confirm in its governance statement, accompanying its annual accounts, which of the internal scrutiny options it has applied and why. The outcome of the work must also inform the accounting officer's statement of regularity in the annual accounts.

The trust must submit its internal scrutiny summary report to the DfE by 31 December each year when it submits its audited annual accounts and must also provide the DfE with any other internal scrutiny reports, if requested.

More information can be found in the DfE's [internal scrutiny good practice guide](#), which describes both financial and non-financial areas that internal scrutiny could cover and a suggested structure for an internal scrutiny annual report. Further information on internal audit is available at the [Chartered Institute of Internal Auditors](#) including an [Internal Audit Code of Practice](#).

The Accounting Officer (CEO)

The Chief Executive Officer has been appointed as the Trust's Accounting Officer.

The Accounting Officer's role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament and to the DfE's accounting officer for the trust's financial resources and they must adhere to [The Seven Principles of Public Life](#).

Accounting officers **must** be able to assure the DfE's accounting officer, Parliament and the public, of high standards of probity in the management of public funds, particularly regularity, propriety, feasibility and value for money, including economy, efficiency and effectiveness – the 3 elements of value for money.

The accounting officer **must** have oversight of financial transactions, by:

- ensuring the trust's property and assets are under the trustees' control and measures exist to prevent losses or misuse
- ensuring bank accounts, financial systems and financial records are operated by more than one person
- keep full and accurate accounting records to support the trust's annual accounts

The accounting officer **must** complete and sign a [statement on regularity, propriety and compliance](#) each year and submit this to the DfE with the audited accounts. The accounting officer **must** also demonstrate how the trust has secured value for money in the governance statement in the audited accounts.

The accounting officer **must** advise the board, in writing, if action it is considering is incompatible with the articles, funding agreement or handbook. This includes where such action conflicts with the duties of the accounting officer, to ensure regularity, propriety, value for money and feasibility.

Similarly, the accounting officer **must** advise the board, in writing, if the board fails to act where required by the funding agreement or handbook. Where the board is minded to proceed, despite the accounting officer's advice, the accounting officer **must** consider the board's reasons and, if the accounting officer still considers the action proposed by the board is in breach of the articles, the funding agreement or handbook, the accounting officer **must** notify the DfE's accounting officer immediately in writing.

Much of the day-to-day financial responsibility has been delegated to the CFO but the CEO retains responsibility for:

- approving new staff appointments within the authorised establishment
- authorising contracts and orders up to £25,000 in conjunction with the CFO
- approving electronic payments in conjunction with the CFO or other authorised signatory. Two signatories are required on all payments.
- economic, efficient and effective use of all the resources in their charge (value for money) in order to achieve the best possible educational outcomes
- providing Trustees with the relevant information on 'value for money' for inclusion in the annual governance statements.
- the management of opportunities and risks
- acting under section 1.42 of ATH, if they consider at any time that the Board is failing to act

under the terms of the Handbook or the Funding Agreement

The Chief Financial Officer (CFO)

The CFO works in close collaboration with the CEO through whom they are responsible to the Trustees. The CFO has been delegated responsibility for the trust's detailed financial procedures and plays both a technical and leadership role within the trust.

The CFO and their finance staff **must** be appropriately qualified and/or experienced and the CFO has direct access to the Trustees through the Finance, Audit and Risk Committee

The main responsibilities of the CFO are:

- the day-to-day management of financial issues, including the establishment and operation of a suitable accounting system
- the management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust
- the preparation of monthly management accounts for the Finance, Audit & Risk Committee
- preparation of the annual budget and budget forecast return oversee the HR Officer, Trust Finance Manager and other finance staff authorising orders, in conjunction with the Headteacher/Head of Academy and CEO
- administering the trust bank accounts, approving payments and orders up to approved limit outlined in the Scheme of financial delegation in conjunction with the CEO, or other authorised signatory. Two signatories are required on all payments.
- ensuring forms and returns are sent to the DfE in line with the DfE Calendar of business.

Other Staff

Other members of staff, primarily the Trust finance staff and Headteacher/Head of Academy, 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.

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 Trustees, Academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or as individuals, from which the Trust may purchase goods or services. The register is open to public inspection and will be published on the Trust website.

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 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 trustee, governor or a member of staff by that person.

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

The Trust Governance Administrator will maintain the Register of Business Interests, in conjunction with the CFO and will ensure that declarations are updated on at least an annual basis.

Related Party Transactions

The Trust will ensure that any 'related party' transactions entered into are on a 'not for profit' basis that satisfies the requirements of the Academy Trust Handbook.

The Trust will also ensure it reports all contracts and other agreements with related parties to the DfE in advance of the contract or agreement commencing or being renewed, using The DfE's [related party online form](#).

The Trust will obtain the DfE's prior approval, using the DfE's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 September 2023, where a contract or other agreement exceeds £40,000 in the same financial year ending 31 August.

This approval requirement does not apply in the following circumstances:

- contracts and other agreements for the supply of goods or services to a trust by the following educational establishments:
- colleges, universities and schools which are sponsors of the academy trust
- state funded schools and colleges, including academy trusts (*This concession does not apply to transactions with a subsidiary of such a related party*).
- the provision of services to an academy trust with a religious designation, for essential functions fundamental to the academy trust's religious character and ethos which can only be provided by their religious authority

For the purposes of reporting to and approval by the DfE, contracts and agreements with related parties do not include salaries and other payments made by the trust to a person under a contract of employment through the trust's payroll.

Setting executive pay

The board of trustees must ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding their remuneration. Decisions about executive pay may be challenged by DfE.

The board **must** discharge its responsibilities effectively, ensuring its approach to, and levels of, pay and benefits is transparent, proportionate and defensible. This **must** be documented in an agreed pay policy, which sets out the process for determining executive pay and includes:

- independent scrutiny by the board
- robust decision-making that demonstrates justifiable pay
- proportionality – that pay and benefits represent good value for money and are defensible relative to the public sector market
- documented decision-making with rationale and approval by the board
- a basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term

The Board of Trustees has delegated responsibility of reviewing and approving the Trust's Pay Policy to the Finance, Audit and Risk Committee.

Publication of pay

The trust must publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100,000, in £10,000 bandings, for the previous year ended 31 August. Benefits for this purpose include salary, employers' pension contributions, other taxable benefits and termination payments. Where the Trust has entered into an off-payroll arrangement with someone who is not an employee, the amount paid by the trust for that person's work for the trust must also be included in the website disclosure where the payment exceeds £100,000 as if they were an employee.

Tax arrangements for senior employees

The trust must ensure its senior employees' payroll arrangements fully meet their tax obligations and comply with HM Treasury's guidance about the employment arrangements of individuals on the avoidance of tax. This is described in HM Treasury's [Review of the tax arrangements of public sector appointees](#), which explains that senior managers with significant financial responsibilities should be exclusively on payroll, and therefore subject to Pay As You Earn with income tax and NI contributions deducted at source.

Failure to comply with these requirements can result in a HM Treasury fine.

Novel, contentious or repercussive transactions

Novel, contentious or repercussive transactions must always be referred to the DfE for approval, and the request must be made to, and approved by, DfE before the transaction is agreed and before the transaction occurs.

- Novel transactions are those of which the academy trust has no experience, or are outside its range of normal business.
- Contentious transactions are those that may cause criticism of the trust by Parliament, the public or the media.
- Repercussive transactions are those likely to set a precedent and cause pressure on other

trusts or the broader public sector to take a similar approach and hence have wider financial implications, including where a trust's proposal could cause additional costs to arise for other parts of government.

For further guidance on novel, contentious and repercussive transactions and consents the Trust can refer to section 2.3 of [Managing Public Money](#) and the DfE's guide for [novel, contentious and repercussive transactions](#).

Cyber Crime

The Trust must not pay any cyber ransom demands. The DfE supports the [National Crime Agency's](#) recommendation not to encourage, endorse, or condone the payment of ransom demands.

Payment of ransoms has no guarantee of restoring access or services and is likely to result in repeat incidents. For further guidance refer to the following:

- [Protect your charity from fraud](#) (Charity Commission)
- [Action Fraud](#) (Police)
- [National Cyber Security Centre](#)

2. Accounting system

All the financial transactions of the Trust must be recorded on the Financial Management System, Iris Financial Accounting System. The trust operates a central finance team for processing the trust's finances, with restricted access to the Purchasing module only for relevant academy staff.

System Access

Access to the Finance system is password-protected and passwords are assigned by the CFO. It is the responsibility of the CFO to determine the appropriate levels of access for each user.

Back-up Procedures

The Trust accounting system is cloud hosted and therefore backed up by Iris Financial Accounting.

Transaction Processing

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

Detailed information on the operation of the trust's accounting system can be found in the user manuals. Full user training is delivered on the system and Trust requirements via the Trust Finance Manager.

All transactions must be processed in a timely manner. Transactions must be in real time.

Reconciliations

- The CFO is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- sales ledger control account
- purchase ledger control account
- payroll control account
- VAT control account
- bank balance per the nominal ledger to the bank statement.
- purchase card accounts

Any unusual or long outstanding reconciling items must be brought to the attention of the CEO.

3. Financial Planning

The Trust will prepare both medium term and short-term financial plans.

The medium-term financial plan is prepared as part of the development planning process. The development plan indicates how educational and other objectives are to be achieved using the expected level of resources over a three-year period

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 its academies and the planned use of those resources.

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

Evaluation and Document Planning

- The development plan outlines the future aims and objectives of the individual academies and how they are to be achieved; that includes matching the objectives and targets to the resources expected to be available. They are the “big picture” within which more detailed plans may be integrated.
- The form and content of the development plan will be inclusive and drawn from discussion and agreement across the Trust. Due regard will be given to the matters included within the guidance to academies and any annual guidance issued by the DfE.
- The complete 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.
- For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned.

Annual Budget

The CFO is responsible for preparing and obtaining approval for the annual budget. The submission of the annual budget must also include a balanced forecast for the following two years. The three-year forecast must be approved by the Board of Trustees.

The approved budget must be submitted to the DfE by the deadline each year and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the best estimate of the resources available to each academy for the forthcoming year and will detail how those resources are to be utilised. Where possible there should be a clear link between the development plan objectives and the budgeted utilization of resources in order to document an integrated approach to curriculum and financial planning.

Detailed records will be kept of all information used in preparing the budget including staffing requirements and calculations.

The budgetary planning process will incorporate the following elements:

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

Balancing the Budget

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

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

Finalising the Budget

Once the different options and scenarios have been considered, a final draft budget should be prepared by the CFO for approval by the CEO, the Finance, Audit and Risk Committee and Board of the Trustees.

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

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.

Monitoring and Review

The CFO will prepare management accounts including an income and expenditure account identifying variations to the budget, cash flow forecasts and balance sheet every month, setting out the Trust's financial performance and position.

The CFO will share the Management accounts with the chair of trustees every month and the board **must** consider these when it meets, and be assured that it has appropriate oversight of the trust's financial position.

The board **must** ensure appropriate and timely action is being taken to maintain financial viability, including addressing variances between the budget and actual income and expenditure.

The monitoring process should be effective and timely in highlighting variances above £1,000 in the budget so that differences can be investigated and action taken, where appropriate. If a significant budget overspend is forecast, it may be appropriate to reallocate money from another budget area or from the contingency. Budget reallocations over £20k must be reported to the Finance, Audit and Risk Committee.

The Board of Trustees has agreed that all central Trust costs will be recharged at 35% to Lubbins Park Primary Academy & Nursery and 65% to Kents Hill Junior School.

4. Payroll

- The main elements of the payroll system are:
 - staff appointments
 - payroll administration
 - payments

Staff Appointments

The Trust operates a central HR team to manage all payroll and personnel processing. All changes to employee contracts in respect of hours, weeks per year, pay scale, additions, corrections or terminations must be notified to the Trust HR team immediately and approval sought from the CFO/CEO before they are actioned.

Payroll Administration

The trust's payroll is administered by Iris Payroll using the Trust's Every HR software. Access to the system is password controlled and security access levels are set by the CFO.

All staff are paid monthly via BACS through Iris Payroll. The payroll data feeds directly from the trust's Every HR system linked to Iris's Epaysafe system, the electronic HR software holds data for each employee record including information as follows:

- salary details;
- bank account details;
- taxation status;
- personal details
- contract information
- payslips

All Variations to salary costs are authorised as follows:

- Contractual amendments/variations – are processed by the HR Manager and authorised by the CFO or CEO
- Additional hours - by the Headteacher/Head of Academy for school staff and the CFO or CEO for central trust staff
- Supply staff - by the Headteacher/Head of Academy or Trust HR.

The Trust HR Officer processes all amendments to pay including additional hours, contract changes, starters and leavers, sickness and unpaid leave on Every HR. The transactions are authorised by the CFO. In the absence of the HR Officer, the CFO may process payroll transactions and approve these transactions on Every HR, where this is the case, the CEO must review the payroll reports ahead of payroll being finalised.

Any variations to the CFO's contract must be authorised by the CEO and any variations to the CEO's contract must be authorised by the Chair of Trustees.

After payroll has been processed, but before payments are dispatched, a salary variance spreadsheet and proposed payment listing is prepared by the HR Officer and reviewed by the CFO, who will then approve the payroll through EVERY HR.

The CFO will verify that all leavers, starters and significant variations have been correctly processed and will review the previous month's totals against the current month's totals and raise any queries to the HR Officer, before payroll is finalised.

After the payroll has been processed, the CFO will process a reconciliation of the monthly payroll and import the salary costs into the trust's financial accounting system. The CFO will review the payroll control account each month, to ensure the correct amount has been posted.

Special Payments

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

The CEO, in conjunction with the Chair of Trustees, may approve non-contractual payments up to £50,000.

For non-contractual payments over £50,000 (gross, before income tax or other deductions), the trust must obtain DfE approval before making any offer to staff. Settlements **must not** be accepted unless satisfying the conditions in the ATH and in the DfE's [guidance and submission template](#). Additionally, in accordance with HM Treasury's [guidance on Public Sector Exit Payments](#), the

Trust **must** obtain prior DfE approval before making a special staff severance payment where either:

- an exit package which includes a special severance payment is at, or above, £100,000
- the employee earns over £150,000

Compensation payments

If the trust is considering a compensation payment, for loss or injury, for example personal injuries, traffic accidents or damage to property, the trust **must** base its decision on a careful appraisal, including legal advice where relevant, and ensure value for money.

The trust has delegated authority to approve individual compensation payments provided any non-statutory or non-contractual element is under £50,000. Where the trust is considering a non-statutory or non-contractual payment of £50,000 or more, the DfE's prior approval **must** be obtained.

Other types of special payments including ex gratia

Other types of special payment, which go beyond statutory or contractual cover or administrative rules must be referred to the DfE for prior approval and advice. These include:

- ex gratia payments
- extra-statutory payments
- extra-contractual payments
- extra-regulatory payments

5. Purchasing

The Trusts will refer to the [Buying for schools: how to buy what you need](#) tool to help obtain value for money and apply relevant procurement regulations and will consider [DfE opportunities](#) when making purchasing decisions for goods and services.

The Trust will also ensure the following when making procurement and spending decisions:

- **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.

The Trust will also ensure that:

- spending has been for the purpose intended and there is propriety in the use of public funds, including in relation to any actual or perceived conflicts of interest
- spending decisions represent value for money
- internal delegation levels are applied
- a competitive procurement procedure is in place and incorporated into the trust's financial framework, and the procurement rules and thresholds in the [Procurement Act 2023 and its associated regulations](#) and [Find a Tender](#) service are observed
- appropriate due diligence is in place
- professional advice is obtained where appropriate

Supplier Purchase Ledger

The supplier purchase ledger on the trust's financial management system will be controlled and managed by the Trust Finance Manager and Finance Assistant.

Changes to suppliers, including bank account details, are carefully controlled and recorded on a spreadsheet and on the trust's financial accounting system. Supplier details will not be amended on the trust's accounting system until verification of the changes has been made with the supplier.

Purchasing Procedures - Orders

Routine purchasing will be controlled through a formal system of ordering. A fixed price or quotation should be obtained where possible, before any order is placed.

An initial requisition must be recorded on the trust's purchasing system by the academy Office Manager before being submitted to the Headteacher/Head of Academy to approve. Following approval of the initial requisition a notification will be automatically emailed from the purchasing system to the Trust Finance Manager to review the initial requisition and convert the requisition into a formal purchase order to be approved electronically on the purchasing system by the CFO. Where the order limit is outside of the CFO's authorisation limit, additional authorisation will be sought by the relevant person/committee.

- Initial Requisitions - authorisation by the Headteacher/Head of Academy – no limit
- Orders up to £15,000 will be authorised by the CFO.
- Orders above £15,001 up to £25,000 require the authorisation of the CEO
- Orders over £25,001 require authorisation by the Chair of Trustees.

Once the order has passed through the relevant levels of authorisation, the items requested will be ordered by the Trust Finance Manager or notified to the Office Manager's to complete.

All orders must be processed on the trust's financial accounting system prior to being placed with the supplier. Orders should only be placed verbally with a supplier if it is urgent and where prior approval from the Trust Finance Team has been sought and provided.

Where a verbal order is placed in the first instance by the academy, it is the responsibility of the academy staff to notify the Trust Finance Team immediately so that the order can be entered onto PSF as soon as possible after placing the verbal order. The academy staff must not wait until the

invoice/ delivery note arrives before notifying the Trust Finance team.

All new suppliers must be pre-approved by the Trust Finance Team, members of staff should liaise with the new supplier to complete the New Supplier Request Form_V1.1 prior to submitting a purchase requisition to the trust. Orders must not be placed with new suppliers until approval of the new supplier request form has been received from the Trust Finance Team.

Delivery of the goods will be direct to the academy or trust office (where applicable). On receipt of the goods, the Office Manager or Site Manager must undertake a detailed check of the goods received against the delivery note and make a record of any discrepancies between the goods delivered and the delivery note. Discrepancies should be discussed with the supplier of the goods without delay and the Trust Finance Office must be informed.

The Office Manager will process the electronic GRN on the finance management system and the checked off delivery note will be forwarded to the trust finance office. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Trust Finance Office should be notified. The Trust Finance Manager/Assistant will keep a central record of all goods returned to suppliers.

All invoices received will be checked against the order and the GRN and the quantity and value of goods on the accounting system. The GRN will be attached to the invoice, along with the order. All invoices will be authorised by the Headteacher/Head of Academy, CFO or CEO.

The Finance Assistant will then enter the invoice onto the financial accounting system and the Finance Assistant will stamp the invoices to create a place for the invoice to be signed by the authoriser to be paid (or approved via email).

Payment runs are generated on a regular basis usually every two weeks, based upon supplier terms and invoice due dates, unless payments need to be made sooner, due to special circumstances, in which case the Trust Finance Manager will generate a Faster Payment through Lloyds. In all cases the Trust Finance Manager will provide the CFO with a payment transaction report, which the CFO will authorize to confirm the payment(s) can be uploaded to Lloyds Bank for approval. BACS Payments will then be generated through Lloyds in line with the procedures and controls detailed in Section 8 of this manual.

Emergency Purchases

From time to time, it may be necessary to make purchases in an emergency situation. In such cases, a confirmatory order should be raised immediately after to ensure that documentary evidence is in place to cover the payment.

Competitive Purchasing Requirements

Spend under £5,000

Value for money should always be considered, but no formal competitive quotes are required, for spend under £5,000.

Established national framework arrangements will be used wherever appropriate, and firm prices

must be obtained before commitment to purchase is made.

Spend over £5,000 but less than £10,000.

At least two written quotations must be obtained for all orders between £5,000 and £10,000, to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the Trust Finance Team for audit purposes. Telephone quotes are acceptable, if these are evidenced and emailed confirmation of the quotes has been received before a purchase decision is made.

Spend over £10,000 but less than £50,000.

At least three written quotations must be obtained for all orders between £10,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained for audit purposes.

Spend over £50,000.

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000, must be subject to formal tendering procedures. Some purchases over a certain amount may fall under public sector procurement rules. The latest thresholds are:
Works Contracts £5,372,609, service or supplies £214,904, and light touch services £663,540.

Professional Advice

Following appropriate due diligence, professional advice will be sought where appropriate before proceeding with a contract of any significant value. The Trust will consider whether this is necessary and in proportion to the total value/risks attached to the contract.

Specialist Advisor

Where a specialist advisor, e.g. architect, project manager, is appointed to act as an agent on behalf of the Trust, the Board of Trustees may delegate the procurement process (including invitation to tender and receipt of documents) where assurance of open and transparent procurement principles has been gained in advance, regarding the processes involved by the outside agency. A report would be presented to the Finance, Audit and Risk Committee by the advisor with a recommendation for the award of the tender, including the scoring process and details of all other submissions. The final decision will be made by the committee, in line with all other contracts exceeding £50,000.

Non-competitive purchases

Instances of purchases that do not comply with the competitive purchasing requirements, for reasons such as sole supplier, specialist services etc. will require approval by Finance, Audit and Risk Committee.

Forms of 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: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CFO 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 are such that only specific suppliers can be expected to supply the constituent 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 the objective of project, overall requirements, technical skills required, after sales service requirements and 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, including evaluation criteria
- 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 taken into account, 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 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 normally be accepted.

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two people should be present for the opening of tenders as follows:

- For contracts over £50,000 – either the CFO/CEO, plus a member of the Finance, Audit and Risk Committee.

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 all people present at the tender opening.

Tendering Procedures

- The award of the tender must be approved by the Finance, Audit and Risk 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 Trust. All parties should then be informed of the decision.

6. Income

The main sources of income for the Trust are the grants from the DfE. The receipt of these sums is monitored directly by the CFO, who is responsible for ensuring that all grants due to the Trust are collected. The Trust also obtains income from:

- pupils: for trips, visits, clubs and other miscellaneous sales
- The public: profit transferred from the trading subsidiary.

Trips

Educational trips should be non-profit making. Each trip should be costed in advance to ensure that all costs are covered.

The reconciliation of trip income and expenditure will be managed by the Trust Finance Team and outstanding balances will be communicated to the Office Manager in the first instance to recover payment and a report will be issued to the Headteacher/Head of Academy. If a trip makes a profit once all costs have been finalised and paid to the provider, the surplus will be refunded to the pupils if the amount is above £10 per pupil. If the surplus is below this amount, it will be reallocated to the general trip budget for future trips.

The individual academies use ParentPay for recording and collecting payments for trips and other activities.

The academy Office Manager is responsible for the bookings and co-ordination of all school trips in liaison with the trip organizer. The individual academy will be responsible for collecting and recording the income received for all trips and activities.

The trip organiser must prepare a fully costed Trip Proforma form, which must be signed by the Headteacher/Head of Academy before it is sent to the Trust Finance Team in advance of any trip bookings being made. A copy of the letter to parents must also be sent to the Trust Finance Team.

Parents/carers can make payments in cash to the school office or online via ParentPay.

The Trust Finance Office must be notified of any cancellations or changes to a visit including venue/ coach bookings as soon as possible to ensure that no invoices are paid in error.

Purchase requisitions must be raised immediately after a coach or venue booking has been confirmed with the supplier.

The Office Manager must maintain an up-to-date record for each pupil showing the amount paid and the amount outstanding. This record should be sent to the Trip Organiser on a monthly basis and the Trip Organiser/Office Manager are responsible for chasing the outstanding amounts.

The Trust Finance Team will complete an overall reconciliation of the trip income received and send this to the Headteacher/Head of Academy and an explanation of any shortfalls will need to be provided.

Catering Income

Parents/carers can make payments at the academy school Office by cash or cheque or by using the online payment system ParentPay.

Refunds

In the event of the provision of a paid for service being cancelled, such as school meals or breakfast/afterschool club, educational visit or extra curricular activity, where payment has already been received from parents/guardians and payment has been made to the relevant supplier and the Trust is unable to recover a refund, refunds will not be issued. However, if the Trust is able to

recover a refund from the supplier then a refund payment will be made to the parent/carer via a BACS payment.

When collecting payments from Parents/carers, correspondence must clearly outline the refund procedure that will be followed to ensure transparency.

Bad Debts

The Trust will make appropriate efforts to collect all outstanding debts, and will consider legal action, where it would be economically efficient to do so.

Debt write-offs must be approved by the appropriate person within the limits outlined in the Scheme of Financial Delegation. The DfE's prior approval is also required, if debts are to be written off above the value set out in the Academy Trust Handbook, paragraph 5.19.

7. Cash Management & Banking

The trust will manage its cash position robustly and must avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.

The CFO will ensure bank statements are downloaded regularly and that a monthly reconciliation is completed to ensure that:

- **all** bank accounts held by the Trust are reconciled to the trust's accounting system
- **all** reconciliations are prepared by the CFO
- **all** adjustments and queries arising are dealt with promptly, i.e., any un-reconciled payments older than six months, and unreconciled receipts older than one month, must be investigated and appropriate action taken and recorded.

Any unexpected variances between the bank account and the financial accounting system will be promptly investigated, ensuring all income due for the period has been received and that expenditure is not irregular and if issues are identified, these will be reported to the Finance, Audit and Risk Committee.

If fraud is suspected, the Trust's Whistleblowing Policy should be followed, including notifying the DfE if the fraud is above £5,000.

The CFO is responsible for managing the Trust's bank accounts and the opening of any new bank accounts must be authorised by the Finance, Audit and Risk Committee.

On-Line Banking

Access to the Trust's bank accounts is available through Lloyds Commercial Online Banking. Appropriate access rights to the Lloyds Commercial Online Banking system are processed by the CFO as the trust administrator for Lloyds. Access is controlled by user ID and password and security is administered by Lloyds. All on-line payments require two signatories.

The trust's payment signatories are detailed below and limits are outlined in the Scheme of Financial Delegation

- CEO
- Headteacher/Head of Academy
- CFO
- Chair of Trustees

Borrowing:

Permission for borrowing is only allowed in exceptional circumstances, such as schemes introduced by the Secretary of State for Education – for example the department’s Condition Improvement Fund (<https://www.gov.uk/condition-improvement-fund>).

The Trust must obtain the DfE’s prior approval for borrowing (including overdraft facilities, but excluding finance leases on the DfE approved list) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable. Credit cards must only be used for business expenditure, and balances cleared before interest accrues.

Deposits

All income received by the academies will be collected monthly by a member of the Trust Finance Team in preparation for banking. The amount held in either the school or trust safe must not exceed the amount stated in the trust’s insurance policy for cash and cheques. However, if a high level of income is expected e.g. proceeds from a school event etc., alternative arrangements must be discussed with the CFO as soon as possible.

Personal cheques should never be cashed.

When cash is banked, the information must be recorded on the income collection form and cross referenced to the bank paying in slip number in preparation for the Trust Finance Team to enter the information into the trust’s financial accounting system.

When banking money is received (either cash or cheques) the bank paying in slips must clearly show the split between cash and cheques, and each cheque must be listed separately.

Petty Cash Accounts

The Trust does not operate a petty cash system.

Purchase Cards

The Trust has four Lloyds Purchase cards, which are allocated to the following job roles:

- Headteacher – KHJS
- Head of Academy – LPPA
- Trust Finance Manager
- Trust Site Compliance Manager

Purchase cards must only be used when it is the most efficient and appropriate method of payment

for official trust purchases, i.e., online transactions, one-off purchases, essential school travel etc. Supporting Purchase card requisition forms must be completed and signed by the appropriate approver in advance of using the purchase card (where possible), and a copy must be sent promptly to the Trust Finance Manager along with all supporting documentation/receipts.

The Trust Finance Manager will complete a reconciliation of each purchase card statement against the supporting documentation and transactions entered onto the trust's financial accounting system each month. The purchase card statement will be reviewed and signed by the CEO.

VAT

The CFO is responsible for reviewing the trust's VAT transactions on the trust's financial accounting system. As the Trust's non-education and trading related income does not exceed the threshold, the Trust is not VAT registered and therefore submits a monthly VAT126 claim to HMRC on a monthly basis.

The CFO will also complete a reconciliation of the VAT control account on the financial accounting system.

Cash Flow Forecasts

The CFO is responsible for preparing cash flow forecasts to ensure that the Trust has sufficient funds available to pay for day-to-day operations.

Investments

Investments must be made only in accordance with the Investment Policy approved by the Board of Trustees, through the Finance, Audit and Risk Committee.

8. Fixed assets

Fixed assets include:

- land including freehold
- buildings including freehold
- furniture & equipment
- IT equipment
- motor vehicles

Fixed assets are depreciated using a straight-line basis, as follows:

- Motor Vehicles 5 years
- Computer Equipment 3 years
- Furniture & fittings 5 years

The Trust must obtain prior approval from the DfE for acquiring a freehold of land or buildings.

Fixed Asset Register

All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered onto the asset register located on the trust's Every Compliance system by the Trust Finance Manager. Other attractive items below this limit could be included to assist with insurance claims.

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.
- support insurance claims in the event of fire, theft, vandalism or other disasters.

The asset register will be maintained on Every Compliance by the Trust Finance Manager in liaison with the academy Site Manager and other relevant staff, with oversight by the CFO.

The Every asset register should include the following information:

- book value of items transferred in (where this information is available)
- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- depreciation (incl. brought forward and carried forward)
- location
- disposals

All the items in the register should be permanently marked as the Trust's property. If the Trust chooses to use an invisible form of marking, then the item of equipment must carry a visible reference to the fact that the equipment has been security marked. Items not security marked are potentially not covered by insurance.

There should be a regular (at least annual) spot check by someone in-house 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 Finance, Audit and Risk Committee.

It is the responsibility of the Site Manager to inform the Trust Finance Manager if an asset is relocated with the academy or between sites.

It is the responsibility of the Headteacher/Head of Academy to ensure that any changes to the ownership of trust IT equipment, such as staff and pupil laptops is communicated to the Trust

Finance Manager to ensure the Every Asset Register can be updated.

Disposals

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

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 academy would need to ensure licences for software programmes have been legally transferred to a new owner.

The Trust must seek and obtain prior written approval from the ESFA before disposing of the following:

- a freehold of land and buildings
- heritage assets (as defined in section 5.23 of ATH 2025) where the value is beyond any limits set out in the Trust's funding agreement for the disposal of assets generally

Loan of Assets

Items of Trust property must not be removed from Trust premises without the authority of the CFO. A record of the loan must be recorded on the Trust Every system.

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.