

# MEDWAY ANGLICAN SCHOOLS TRUST

## FINANCE POLICY



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## **1. ROLES, RESPONSIBILITIES AND FINANCIAL OVERSIGHT**

### **Framework**

This policy sets out the financial management framework for Medway Anglican Schools Trust (“the Trust”) and applies to all academies within the Trust.

The Trust operates in accordance with:

- The Academy Trust Handbook
- The Companies Act 2006
- The Value Added Tax Act 1994 Section 33B
- The Bribery Act 2010
- The Trust’s Articles of Association and Funding Agreement

The Trust must ensure:

- Regularity, propriety and value for money
- Effective financial control and risk management
- Compliance with all statutory and DfE requirements

### **Board of Directors**

The Board has overall responsibility for financial oversight and must ensure:

- Proper stewardship of public funds, ensuring value for money
- Agreeing the long-term financial objectives of the Trust
- Ensuring the Grants from the DfE are used only for the purposes intended
- Delegating day-to-day financial management of the Trust to the CEO
- Approval of the annual budget and financial statements
- Appointment of the Chief Executive Officer and Chief Finance Officer
- Appointment of the Headteacher of each academy in consultation with the local governing body and in line with the Scheme of Delegation
- Appointment of Internal Scrutiny Provider and External Auditors
- Approval of contracts according to approved limits
- Reviewing annually the Finance Policy and Scheme of Delegation
- Reviewing annually the terms of reference of the MAST’s Committees

The Board of Directors evidence that their responsibilities are met through:

- Review of financial monitoring reports monthly
- Ensuring production of an Annual Report and Financial Statement in accordance with all finance policies, Academy Trust Handbook and Academy Accounts Direction
- Benchmarking key performance indicators against similar academies
- Governance Statement within the Annual Report and Financial Statement
- Independent Reporting Accountant’s Assurance Report on Regularity within the Annual Reports and Financial Statement
- Production and monitoring of a Risk Register
- Minutes of meetings

### **The Finance Committee (Audit & Risk Committee)**

The Finance Committee have been appointed to provide assurances over the suitability of and compliance with the financial systems and operational controls.

The Committee provides assurances to the Board that risks are being adequately identified and managed by:

- Reviewing and recommending the annual budget
- Scrutinising the monthly management accounts and challenging stakeholders on decisions
- Reviewing audit reports and risk register
- Reviewing the risks to internal financial control of the Trust
- Agreeing a programme of work to address the provide assurance on those risks
- Ensure insurance policies are in place to cover any risks for the Trust

### **Chief Executive Officer**

The Chief Executive Officer (CEO) is the Accounting Officer (AO) with responsibility to Parliament and the Department of Education for the propriety and regularity if the public finances for which they are accountable. The responsibilities are outlined in the Academy Trust Handbook and include but not limited to the following:

- The initial review and authorisation of the annual budget
- The regular monitoring of actual income and expenditure against budget
- Ensuring annual accounts are produced in accordance with the requirements of the Companies Act 2006
- Ensuring that the regular reports to the Board and full and accurate
- Authorising orders, payments and awards of contract within approval limits
- Authorising changes to the academies' personnel establishment
- Compliance with the scheme of delegation, ensuring separation of duties
- Verifying that an accurate Fixed Asset Register is maintained
- Production of a Risk Register and subsequent actions
- Minutes from appropriate Board meetings
- A review of Value for Money within the Governance Statement in the annual report and financial statements
- Statement of Regularity, Propriety and Compliance in the annual report and financial statements

### **Chief Financial Officer**

Day-to-day financial administration is controlled by the Chief Financial Officer, who is responsible to the Chief Executive Officer. The Chief Financial Officer has direct access to the Board of Trustees via the Finance Committee where they will be required to present the monthly management accounts and annual financial statements. The responsibilities are outlined in the Academy Trust Handbook and include but not limited to the following:

- To ensure that the MAST financial position is managed at a strategic level within the framework for financial control determined by the Board of Trustees
- To ensure financial policies are in place and work with internal audit to provide assurance to the Finance Committee and Board of Trustees
- To ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the MAST
- To challenge finance staff to ensure that value for money is routinely obtained
- Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- Ensuring that the Trust maintains satisfactory financial systems
- Providing professional advice on all matters relating to financial policies and procedures
- Day-to-day liaison with auditors in order to achieve efficient processes
- Treasury management
- To undertake the responsibilities in respect any new schools converting to academy status and joining the MAST, should the situation arise
- To ensure forms and returns for the MAST are sent to the DfE in line with the timetable in the DfE guidance
- To ensure that VAT is correctly applied, reconciled and reported to HMRC. The CFO will also undertake to ensure that any resultant payments/receipts are effected in a timely manner

- To ensure that the MAST's detailed trial balance is accurate, finalised and available to the auditors within one week's notice for the purposes of internal audit, management accounts and year end financial statements

### **Local Governing Bodies**

- Each academy in the MAST has its own Local Governing Body. The main financial responsibilities of the Local Governing Bodies are:
- To review the budget lines for which they are responsible under the Scheme of Delegation and make recommendations for approval to the Board of Trustees
- To make recommendations to the CEO in relation to the appointment, pay and contractual terms of members of the Headteacher and Deputy Headteacher in their individual academy
- To make recommendations to the Board pay panel in relation to the appointment, pay and contractual terms of members of staff other than members of the senior leadership team.

### **Executive Headteacher/Headteacher**

- To ensure that proper checks and controls are in place to cover day-to-day activities in accordance with the Financial Policy
- Liaise and co-operate with the CFO and the internal and external auditors in respect of any audit queries and ensure data is supplied to the CFO and/or the auditors within agreed timescales
- Liaise and co-operate with the CFO in respect of any queries and ensure data is supplied for the preparation of the annual Financial Statements within agreed timescales
- Liaise and co-operate with the CFO in respect of any queries and ensure data is supplied for the preparation of the forms and returns required by the DfE within agreed timescales
- Liaise and co-operate with the school's contractors, to maintain the contracts/ SLA's to ensure the schools are receiving best value

### **Budget Holders**

Members of staff with delegated budgetary responsibilities are responsible to the Chief Executive Officer for financial management for the areas or activities they control. They are advised by the Chief Financial Officer in executing their financial duties. Resources are devolved to members of staff that are accountable for their own budget. The Chief Financial Officer will also supervise and approve the financial systems operating within the Trust, including the form in which accounts and financial records are kept.

Budget holders are responsible for establishing and maintaining clear lines of responsibility within their areas for all financial matters. Where resources are devolved to budget holders, they are accountable to their line manager for their own budget.

Budget holders shall provide the Chief Financial Officer with such information as may be required to enable:

- Compilation of the Trust's financial statements
- Implementation of financial planning
- Implementation of audit and financial reviews, projects and value for money studies

### **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 MAST Directors and staff are required to declare any financial interests they have in companies or individuals from whom the MAST may purchase goods or services. The register is open to public inspection.

The register includes all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the MAST. The disclosures also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of Directors and staff to

declare interests whenever they are relevant to matters being discussed by the Board of Trustees or Finance Committee. Where an interest has been declared, directors and staff should not attend that part of any committee or other meeting.

## **Related Party Transactions**

The Trust will:

- Declare all related party interests
- Ensure related party transactions are conducted at no more than cost and comply with the Academy Trust Handbook requirements.
- All related party transactions must be declared in advance and reported to the ESFA where required

## **2. RISK MANAGEMENT AND INTERNAL CONTROLS**

### **Internal Control Framework**

Medway Anglican Schools Trust has established a control framework that recognizes public expectation about governance, standards and openness. The Trust internal control framework includes:

- Preparation of monthly budget monitoring reports;
- Applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties
- Ensuring that delegated financial authorities are respected
- Effective planning and oversight of any capital projects
- The management and oversight of assets
- The propriety and regularity of financial transactions
- Reducing the risk of fraud and theft (Whistleblowing Policy);
- Ensuring efficiency and value for money in the organisation's activities
- A process for independent checking of financial controls, systems, transactions and risks
- (Independent review of internal controls & Risk Register)

### **Whistleblowing**

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

### **Risk Management**

Medway Anglican Schools Trust has made a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. The recognised risks, and arrangements for managing present and future risks are recorded in the Trust's Risk Register. The Trust's procedures for the management of risk include contingency and business continuity planning. The risk register will be:

- Maintained and regularly updated
- Reviewed at least annually by the Board

### **Insurance**

Medway Anglican Schools Trust ensures that it has adequate insurance cover in compliance with its legal obligations as follows:

- Opted into the academies risk protection arrangements (RPA)
- Made separate arrangements for the insurance of any risks not covered in the RPA (e.g. equipment).

### **Cyber Security & Banking Fraud Controls**

- All changes to supplier bank details must be independently verified using a known contact number.
- Multi-factor authentication (MFA) must be enabled where available.
- No payment instruction received solely by email should be actioned without verification.
- Staff with financial responsibilities will receive periodic fraud awareness training.

- The Trust will maintain cyber incident response procedures.

### **3. BUDGET PLANNING AND MONITORING**

The Trust will prepare both medium term and short-term financial plans to secure the long-term financial sustainability of Medway Anglican Schools Trust. The plans will be prepared having regard to all known needs of the Trust, the Academy Improvement Plans.

The annual budget will reflect the best estimate of resources available to MAST for the forthcoming year and will detail how these resources will be utilised. The CEO is responsible for approval by the Board of Directors.

A balanced budget for all funds across the Trust, which can draw on unspent funds brought forward from previous years, will be submitted to the ESFA annually in line with the ESFA timeline and following their template. The Board of Directors will notify the ESFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year which it is unable to address, after unspent funds from previous years are taken into account.

Monthly finance reports will be prepared by the Director of Finance. The reports will detail actual income and expenditure against budget both for each academy within the Trust and at a summary level for the CEO, Executive Head Teachers, Academy Head Teachers, Governors and Trustees.

This is evidenced by the following:

- Minutes of meetings
- The submission of the annual budget approved by the Board of Directors to the ESFA (Revenue + Capital)
- The submission of a three year budget plan
- Monthly Cash Flow Statement/Forecast submitted to the Board of Directors

#### **Annual Budget**

The CFO is responsible for preparing and obtaining approval for the annual budget for the MAST. The CFO is also responsible for supporting the Headteachers. The budgets must be approved by the Finance Committee and Board of Trustees.

The approved consolidated budget must be submitted to the DfE by the deadline each year as notified in the Accounts Direction publication. 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 consolidated annual budget will reflect the best estimate of the resources available to the MAST for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils for each academy to estimate the amount of General Annual Grant (GAG) 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 cost base for the MAST and each academy
- Identification of potential efficiency savings and 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
- All carry forward balance
- Any unspent grants from previous financial years
- Capital planning and asset position

#### **Finalising the Budget**

Once the different options and scenarios have been considered, a consolidated draft budget should be prepared by the CFO for approval by the CEO, the Finance Committee and the Board of Trustees. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

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

Monthly reports will be prepared by the CFO for the MAST and all academies in the MAST. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the CEO, the Chair of the Board and the Chair of the Finance Committee.

The Chair the Board and the Chair of the Finance Committee will receive and review the monthly management accounts and raise with the CFO any anomalies in the months between Finance Committee meetings.

The latest monthly management accounts will be presented to all Finance Committee members one week preceding the date of the Finance Committee meeting.

The CFO will bring to the Finance Committee the responses to queries from the Chair of the Board and the Chair of the Finance Committee raised prior to the Finance Committee meetings.

Any potential overspend against the budget must in the first instance be discussed with the CFO and be reported to the CEO.

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

## **4. PAYROLL**

The MAST payroll is administered by an external provider.

New starters, leavers and payroll amendments are communicated to the Office Manager by the Headteacher.

Staff expense forms are completed by employees and signed by the Headteacher for reimbursement of business expenses.

The Office Managers are required to upload payroll forms to the schools sharepoint area to process the changes and reimbursement of expenses, by the 6th working day of the month. Finance and Director of HR reviews the forms and inputs this onto a central data input sheet and uploads the spreadsheet to a secure portal. All amendments must be uploaded by 12th of month. Log in to the secure portal is only set up by our payroll provider on the instructions of the CFO.

All relevant documentation is retained on the personnel file held at the relevant academy.

Individual employees complete the self-sickness absence forms for absences up to 7 days (including weekends) or obtain certification from doctor for longer periods. The school records this onto the school information management system. This information is also uploaded to the payroll provider's portal.

A draft set of payslips is compiled by the payroll provider prior to the payroll being processed. Finance review the payslips to check that amendments have been correctly processed by the payroll provider and authorises them to proceed with the final payroll.

Once the Finance have confirmed that the amendments have been correctly processed, the CEO/CFO (or in the absence of the CEO – a member of the SLT) will carry out further checks and confirm to the payroll provider that the payroll can be sent to BACs.

Payroll deductions are calculated by the payroll provider and system automatically calculates the deductions due from payroll. The major deductions are for PAYE, National Insurance contributions and pensions. Additionally union subscriptions and attachments of earnings are also collected and paid to the third party.

All staff are paid monthly on the 25th of the month or earlier if the 25th falls on a weekend or Bank Holiday. Payroll payments to both staff and third parties are made by BACS via the payroll provider from the MAST bank account. Third party payments are made by the relevant due dates in the following month.

After the payroll has been processed and payments to employees have been dispatched, a copy of the final payslips and the payroll report are downloaded from the secure portal by the Deputy CFO.

The Deputy CFO downloads the reports for the Trust from the portal. A payroll journal to account for the payroll costs by school, department and cost centre is prepared and posted to finance system by the Deputy CFO/Finance Manager. The CFO completes a high level review of the current month journals compared to prior months to identify anomalies. Payments due to be made to HMRC, pension providers and other third parties are posted to balance sheet control accounts.

The Deputy CFO reconciles the monthly total net salary payment and payments made to third parties via BACS to the payroll reports and bank statements to ensure correct payments have been made.

The CFO should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

## **5. ACCOUNTING SYSTEM**

The CFO is responsible for the retention of financial documents. These are to be kept in a form acceptable to the relevant authorities.

The Trust is required by law to retain prime documents for the current year plus 6 years. These include:

- Purchase Orders
- Paid Invoices
- Accounts Raised
- Bank Statements
- Remittances
- Copies of Receipts
- Bank Payments
- Payroll Records

The Trust's financial year runs from 1 September to 31 August the following year.

Advice and training are provided by the Finance team for users to access and use the data held in the accounting system.

All the financial transactions of the MAST must be recorded on the Trust's accounting system

Entry to the finance system is password restricted and the CFO will ensure that passwords are regularly required to be changed.

Access to the component parts of the finance system can also be restricted and the CFO is responsible for setting access levels for all members of staff using the system.

### **Back-up Procedures**

The CFO is responsible for ensuring that there are effective back up procedures for the system.

A copy of the management accounts should be sent to the Chair of the Board and Chair of the Finance Committee each month

A copy of the latest management accounts should be circulated by the CFO to the Finance Committee one week prior to all Finance Committee meetings.

The CFO should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data as part of the Business Continuity Plan for the MAST. This should link in with the Risk Register of the major risks to which the MAST is exposed and the systems that have been put in place to mitigate those risks.

### **Transaction Processing**

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.

Detailed information on the operation of the finance system can be found in the user manuals held in the office at each of the primary academies and also online within the finance software.

### **Transaction Reports**

The CFO 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:

- The weekly audit trail reports
- Masterfile amendment reports for the payroll, purchase ledger and sales ledger
- Management accounts summarising expenditure and income against budget at budget holder level

### **Reconciliations**

The CFO is responsible for ensuring the following reconciliations are performed each month for the MAST and all academies in the MAST, and that any reconciling or balancing amounts are cleared:

- Sales ledger control account
- Purchase ledger control account;
- Payroll control account;
- VAT control accounts
- Bank balance per the nominal ledger all bank statements.

For the MAST central account: any unusual or long outstanding reconciling items must be brought to the attention of the CEO by the MAST Finance team. The CFO will review and sign all reconciliations as a point of good practice.

For the MAST individual school accounts: any unusual or long outstanding reconciling items must be brought to the attention of the Headteacher by MAST Finance team.

## **6. PURCHASES, PAYMENTS AND CREDITORS**

The MAST wants to achieve the best value for money from all its purchases. This means it wants to get what it needs in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and the integrity of these funds needs to be maintained 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 academy
- Accountability, the MAST is publicly accountable for its expenditure and the conduct of its affairs
- Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis

The CFO is responsible for ensuring that a value for money statement is published annually on behalf of the Board of Trustees in accordance with the requirements of the DfE.

## Procurement of Building Works

For building and estates-related works, the Trust will normally obtain competitive quotations in line with the Scheme of Delegation.

However, the Trust recognises that for operational and estates works, it may not always be practical to obtain three quotations.

For works between £10,000 and £50,000:

- The Trust will seek to obtain three quotations where practicable
- Where this is not possible, fewer quotations may be obtained, provided that:
  - A **clear written justification** is recorded
  - Value for money is demonstrated (e.g. prior benchmarking, framework rates, or known contractor performance)
  - Approval is obtained in line with delegated authority levels
  -

For urgent works (e.g. health & safety, safeguarding, business continuity):

- A **single contractor may be engaged immediately**
- Retrospective approval and documentation must be completed

For all building works:

- Splitting of contracts to avoid thresholds is prohibited
- Use of **approved frameworks or existing contractors** is permitted and encouraged

All procurement must comply with The Trust's Scheme of Delegation and the principles of regularity, propriety and value for money set out in the Academy Trust Handbook and Procurement Act 2023.

Budget holders will be informed of the budget available to them at the start of the academic year. At the primary academies in the MAST the Headteacher is the budget holder for the entire budget and orders are only placed with their approval.

It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

Budget Holders have access to their budget information via the finance system and budget holders are encouraged to keep their own records of orders placed but not paid for.

A quote or price should always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the MAST finance team and if necessary, the CFO.

Purchase orders are created on the finance system by the schools. The Headteacher or Deputy Headteacher then authorises the purchase order using the finance system.

Each of the primary academies is responsible for maintaining their own list of authorised suppliers.

On receipt the office staff (or other authorised member of staff) 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.

The GRN (or invoice if there isn't one) is signed by the Office Manager/ administrator (or other authorised member of staff who has checked the goods) and the Goods Receipt is completed on the finance system.

All invoices should be given to the MAST Finance team who will check that the Purchase Order and GRN has been correctly applied. Then process the POIN (Purchase Order Invoice) ready for payment. If the invoice does not have a purchase order associated, it is processed and submitted to the Head teachers for online authorisation before it is released into the purchase ledger.

MAST Finance team will process weekly BACS runs to pay invoices that are due. Payment runs are produced by the Finance Assistant and then approved by the Finance Manager and CFO/CEO.

In the absence of the CEO, all approval rights will be granted to the CFO or Executive Headteacher. Any dual authorisations will still need to be in place.

### **Card purchases**

Charge cards are administered by each individual school and the Trust team which then will be reconciled by the Finance team; each of whom are responsible for purchases they make using their cards. They will provide back up for each transaction and this will be reconciled to the transactions on the finance system.

The primary method of payment remains invoicing and this should generally be used in preference to card purchases where the supplier offers this facility. The use of cards is intended only on an exceptional basis only e.g. booking courses, purchases via the Internet where such purchases are the sole method of payment or offers the Trust best VFM.

The exception to the above is for food purchases for the breakfast club, which can be undertaken by a Trust employee purchasing on behalf of the Trust. In such circumstances a named member of staff will be issued with a charge card. There will be a limit on each card determined by the reason it's required i.e food purchases will have a lower limit.

Cards must only be used after the correct authorisation to purchase has been obtained and must meet the requirement for probity, accountability and fairness.

Receipts for all card purchases must be obtained by the member of staff making the purchase and submitted to finance for reconciling and processing.

Cards must not be used for personal expenditure/cash withdrawal under any circumstances; failure to observe this will lead to the card being withdrawn and possible disciplinary action.

Personal Clubcard's must not be used when purchasing items for the Trust.

### **Forms of Tenders**

There are three forms of tender procedure: open, restricted and negotiated.

Open Tenders, where all potential suppliers are invited to tender are considered to be impractical for an organisation the size of the MAST for the following reasons:

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

The MAT will usually invite specific suppliers to tender (restricted tenders) or negotiate tenders with specific suppliers where only one or very few suppliers are available or extreme urgency exists.

### **Preparation for Tender**

Full consideration should be given to:

- Objective of project
- Overall requirements
- Technical skills required
- After sales service requirements

- Form of contract.

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

## **Invitation to Tender**

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

### **Technical/Suitability**

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

### **Other Considerations**

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

## **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the academy or the MAST. 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. The CFO and at least one other appropriate person eg the CEO, one of the Headteachers or, in the case of premises projects the project manager, should be present for the opening of tenders.

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

## **Tendering Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process. Where specific expertise is required in evaluating a tender this responsibility may be contracted to an external provided eg architect, insurance specialist.

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

Full records should be kept of all criteria used for evaluation and for contracts over £49,999 a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. Where time is of the essence the Chair of the Board in agreement with the Chair of the Finance Committee may take Chairs' Action to approve the recommendation.

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 MAST. All parties should then be informed of the decision.

## **7. INCOME AND DEBTORS**

The main sources of income for the academies in the MAST 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 academies in the MAST are collected.

The academies in the MAST also obtain income from:

- students, mainly for trips and
- the parents of non-funded nursery pupils
- the public, mainly for lettings
- other educational settings, for staff and consultancy services

### **Trips**

A lead administrator must be appointed for each trip to take responsibility for the collection of sums due. The lead administrator must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Office Manager.

Students/parents should make payments to the school office. For residential trips students are usually issued with payment cards which provide them with confirmation of receipt. The school office should record receipt on a collection sheet for each individual trip/activity. Receipts are issued on request.

The Office Manager should maintain an up to date record for each student showing the amount paid and the amount outstanding for residential trips. The lead administrator is responsible for checking this with the Office Manager on a regular basis and for chasing the outstanding amounts.

### **Nursery Income**

Nursery income is received from two sources. Funded pupils receive funding from the local authority and the parents of self-funded pupils are liable for the fees of non-funded pupils' sessions and additional lunch sessions.

Local authority nursery income:

Funding portal must be updated by the Finance/School Business Manager on a weekly basis with reference to the nursery's weekly registers.

The final portal submission should be reviewed and authorised by the Nursery Manager.

#### Self funded nursery pupils:

The Finance/School Business Manager will invoice parents at the start of each term.

### **Sports Lettings**

The school office is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

The school office is responsible for the booking of all lettings. The Finance team is responsible for the setting up of sales ledger accounts and the production of sales invoices from the finance system. Invoices are produced monthly in arrears. The Finance team are responsible for chasing outstanding debts.

### **Custody**

Pre-numbered 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 Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the Finance Office safe as detailed in the RPA handbook.

Monies collected must be banked in their entirety in the current bank account. The Finance team are responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

## **8. CASH MANAGEMENT**

The opening of all accounts must be authorised by the Board, following recommendation by the Finance Committee, 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. Each of the accounts includes this facility and requires authorisation from two account signatories.

### **Deposits**

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. 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**

All BACS payments, cheques and other instruments authorising withdrawal from MAST bank accounts must bear the signatures of two of the signatories authorised on the relevant bank mandate. This provision applies to all accounts, operated by or on behalf of the Board of Trustees of MAST.

Payments to suppliers are made by BACS payment where possible. Two authorisations are required for each payment or inter-school transfer of funds.

BACS system user administration will only be undertaken by the CFO and all amendments must be authorised by the CEO.

It may be necessary to allow other staff access to the school business cards with authorisation from the Headteacher.

## **Administration**

The CFO must ensure bank statements are received regularly for all accounts and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the cash book for each academy
- Reconciliations are prepared by the finance team
- Reconciliations are subject to an independent monthly review carried out by the CFO, or in their absence, the Finance Manager
- Adjustments arising are dealt with promptly
- Reconciliations are reviewed and authorised by the CEO

## **Investments**

The Board of Trustees may invest to further the Trust's charitable aims, but will ensure that investment risk is properly managed. When considering making an investment the Board of Trustees will:

- Only act within their powers to invest as set out in the MAST's Articles of Association
- Have an Investment Policy to manage, control and track financial exposure, and ensure value for money
- Exercise care and skill in all investment decisions, taking advice as appropriate from a professional
- Ensure that security takes precedence over revenue maximization
- Review the Trust's investments and Investment Policy (on an annual basis)
- ESFA approval will be sought for investment transactions that are novel and/or contentious

## **9. FIXED ASSETS**

The purchase, lease or rent of land, buildings or fixed plant, with a financial commitment in excess of one year, can only be undertaken with authority from the Finance Committee and with reference to funding body requirements where government-funded assets or government funds are involved.

The Finance team is responsible for maintaining inventories, in a form prescribed by the Chief Financial Officer, for all plant, equipment, furniture and stores with a value in excess of £2,500. The inventory must include items donated or held on trust and must be checked at least annually.

All tangible fixed assets purchased with a value over the MAST's capitalisation limit of £2,500 per individual item must be entered in an asset register.

### **Purchase of Fixed Assets**

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Trust Board and with reference to funding body requirements where government grant-funded assets or government grant funds are involved.

The Trust is responsible for the planning and overseeing of capital projects. The Trust will therefore ensure that proportionate and adequate financial and human resources are assigned to each project to deliver value for money and a successful project outcome. The Trust must obtain prior approval from ESFA for the acquisition of freehold land or buildings.

The Trust distinguishes between capital expenditure and revenue expenditure in relation to buildings.

Capital expenditure (which is capitalised and depreciated) includes:

- Works that materially enhance the value of a building

- Extend its useful economic life
- Increase capacity or functionality
- 

Revenue expenditure (which is not capitalised and is not subject to depreciation) includes:

- Routine repairs and maintenance
- Works that restore the asset to its original condition
- Minor improvements that do not significantly enhance value or extend useful life
- 

Where expenditure is classified as revenue:

- It is charged to the Income and Expenditure account in the year incurred
- It is not recognised as a fixed asset and is not depreciated

Equipment costing less than £2,500 per individual item is written off to the Income and Expenditure Account in the period of acquisition. All other equipment is capitalised at cost and depreciated in line with the Depreciation rates as listed below:

- Fixtures & Fittings: over 5 – 10 years straight line
- Computer Equipment: over 3 years straight line
- Motor Vehicle – over 10 years straight line

## **Disposal of Fixed Assets**

Disposal of equipment and furniture must be in accordance with the write off and asset disposal policy. Disposal of land and buildings must only take place with the authorisation of the Trust Board.

## **Security of assets**

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

All the items in the register should be permanently and visibly marked as the property of the academy to which they belong and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board of Trustees.

Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

## **10. VAT PROCEDURE**

The Medway Anglican Schools Trust is not currently registered for VAT. This situation is kept under constant review by monitoring the level of business income the MAST receives. The MAST will review the partial exemption calculation on an annual basis. The Trust is eligible to reclaim the majority of VAT it pays on invoices from HMRC.

VAT is reclaimed on a regular basis.

A report is run for each of the academies in the MAST by a member of the finance team for the relevant financial period from the finance system to provide the data necessary for the completion of the reclaim form. It is essential that this report is checked and that any necessary adjustments are made prior to submission.

Any invoices for which VAT cannot be reclaimed as the purchases were for business activity are identified and deleted. A journal should be posted to transfer the expenditure from the VAT Control Account back to the relevant expenditure nominal ledger code.

Where invoices relate partly to business activity and partly to non business activity only the proportion of the VAT relating to the non business activity can be reclaimed. Lettings are examples of business activities and all the VAT cannot be

reclaimed on invoices relating to these. A proportionate calculation is done to work out the amount of VAT that can be claimed on any such invoices and the lines on the VAT claim report are adjusted so that only the correct amount of VAT is claimed. Journals are posted on the PS Financials to transfer the VAT not being reclaimed from HMRC from the VAT control account back to the relevant expenditure nominal ledger code.

A VAT report is run for the following period to check for any invoices received late for period of the claim which must be added to the claim. A record of these is kept for the following claim to ensure that no invoice is claimed for twice.

Reconciliation is then carried out between the VAT claim and the VAT control account to ensure that all the adjustments have been made on the finance system.

The spreadsheet is organised into the format required for HMRC Form 126 then uploaded to the HMRC website for approval.

On receipt of the reclaimed VAT from HMRC, a member of the finance team reviews the remittance, confirms this equals the claim made and signs the remittance to confirm agreement.

## **11. Gift and Hospitality**

As a general guideline, business gifts and hospitality should not be accepted by any member of staff, except as provided for below.

The intention of the policy is to ensure that the Trust can demonstrate that no undue influence has been applied or could be said to have been applied by any supplier or anyone else dealing with the Trust. The Trust should be able to show that all decisions are reached on the basis of value for money and for no other reason. Any consideration of whether or not the principles of this Policy have been breached will be determined by reference to this provision.

All relevant interests must be declared in accordance with Bribery Act 2010.

Any breach of this Policy could lead to disciplinary action and may constitute gross misconduct.

Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Trust by....

1. Maintaining an unimpeachable standard of honesty and integrity in all their business relationships.
2. Complying with the letter and spirit of the law, and contractual obligations, rejecting any business practice that might be deemed improper.
3. At all times in their business relationships acting to maintain the interests and good reputation of the Trust.
4. Any employee who becomes aware of a breach of policy must report this immediately to his or her manager who will instigate investigations as necessary.
5. Any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's impartiality or conflict with the duty owed to the Trust in any matter relevant to an employee's duties (such as conflicting business interests) should be declared in writing. Any member of staff who is aware of any business dealings conferring personal gain, or involving relatives or associates of members of staff must supply details of such transactions for entry into the Register of Business Interests.
6. Employees are permitted to accept gifts, rewards or benefits from members of the public or organisations the Trust has official contacts with only where they are isolated gifts of a trivial character (such as diaries or calendars). Gifts should not therefore be accepted if they appear to be disproportionately generous or could be construed as an inducement to effect a business decision.
7. Where purchased items include a "free gift", such gifts should be either used for Trust business or handed to the Trust to be used at charity raffles etc.
8. In relation to conventional hospitality (lunches, outings, tickets for events etc.) provided that it is normal and reasonable in the circumstances they may be accepted. Such invitations should not be accepted where there is no

reasonable business justification for doing so, where an invitation is disproportionately generous, or where the invitation could be seen as an inducement to affect a business decision.

9. Any hospitality other than of a nominal value (up to £25) or facilities provided during the normal course of business should be reported for an entry in the Register of Business Interests.

## 12. APPENDIX A – Medway Anglican Schools Trust Scheme of Financial Delegation

### Procurement & Expenditure Approval

| Value            | Requirement             | Approval Authority      |
|------------------|-------------------------|-------------------------|
| Up to £5,000     | Best value check        | Delegated Budget Holder |
| £5,001 - £9,999  | 1 written quote         | CFO                     |
| £9,999 - £50,000 | 2-3 quotes (risk based) | CEO                     |
| Over £50,000     | Formal Tender Process   | Board of Trustees       |

### Procurement Building Works

| Value                                                                                                                             | Requirement             | Approval Authority |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|
| Up to £20,000                                                                                                                     | 1 written quote         | CFO/CEO            |
| £20,001 - £50,000                                                                                                                 | 2-3 quotes (risk based) | CFO/CEO            |
| Over £50,000                                                                                                                      | Formal Tender Process   | Board of Trustees  |
| <i>Where fewer than the expected number of quotations are obtained, written justification may be required for audit purposes.</i> |                         |                    |

### Payroll & Staffing Approval

| Value                 | Requirement                 |
|-----------------------|-----------------------------|
| New Appointments      | Headteacher + Finance + CEO |
| Pay Changes           | Headteacher + Finance + CEO |
| Overtime              | Headteacher + Finance       |
| Settlement Agreements | Board                       |

### Purchase Payments (BACS)

| Value                 | Requirement                      |
|-----------------------|----------------------------------|
| Payment Authorisation | CFO + Deputy CFO/Finance Manager |
| Payroll Approval      | CEO + CFO/Deputy CFO             |

### Write Offs

| Value         | Requirement |
|---------------|-------------|
| Up to £500    | CFO         |
| £501 - £1,000 | CEO         |
| Over £1,000   | Board       |

### Banking & Investments

| Value                        | Requirement |
|------------------------------|-------------|
| Reinvesting Matured Balances | CFO + CEO   |
| Investments up to £300k      | CFO + CEO   |
| Investments over £300k       | Board       |

#### Notes:

- Any member of the Senior Leadership Team may deputise in the event of absence, provided appropriate segregation of duties is maintained