



## FINANCIAL REGULATIONS POLICY / MANUAL

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**Status:** Policy

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**Applies to:** All schools within Attenborough Learning Trust

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# ATTENBOROUGH LEARNING TRUST

This document sets out the regulations for the academy trust

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## Introduction

1. The purpose of this Financial Regulations Manual (Finance Manual) is to ensure that the Trust maintains and develops systems of financial control, which conform with 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 Secretary of State for Education, through the Department for Education (DfE).
2. The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook. This manual expands on that and provides detailed information on the Trust's accounting procedures and systems. This manual should be read by all staff involved with financial systems.
3. This manual serves as an adjunct to the Scheme of Financial Delegation (Appendix A) providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

## Financial Planning

4. The Trust prepares rolling 3 to 5 year budgets.

### The budget cycle

5. The budget cycle is as follows:
  - Autumn Terms 1 and 2 (Sept – Dec)
    - Implementation of current budget plan
    - Monitoring expenditure (continuous-monthly)
    - Reconciliation and closure of previous financial year
  - Spring Terms 3 and 4 (Jan – Mar)
    - Monitoring and Reviewing of year's budget
    - Pre-planning budget forecasts to current year end
    - Pre-planning new financial year budget and 3 to 5 year forecasts
  - Summer Terms 5 and 6 (Apr – Aug)
    - Submitting budget forecast outturn returns (as required)
    - Planning for forthcoming budget year
    - Preparation and submission of financial budget plan and 3 to 5 year forecasts
    - Review of current year's budget

All requirements of the DfE, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

### Budget

6. The **Chief Operations and Finance Officer** is responsible for preparing and obtaining approval for the

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annual budget. The Chief Executive Officer, Resource Committee and Board of Trustees must approve the Trust's annual budget.

7. Each constituent academy schools' Local Governing Board is responsible for reviewing the budget of their school and making a recommendation to the Trust for approval, as part of the overall Trust annual budget.
8. The annual budget will reflect the best estimate of the resources available to the Trust 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.
9. The budgetary planning process will incorporate the following elements:
  - Forecasts of the likely number of pupils to estimate the amount of General Annual Grant (GAG)
  - Latest estimate of other DfE funding e.g. pupil premium or other specific funds
  - Review of other income sources available to the Trust
  - Review of past performance against budgets
  - Identification of potential efficiency savings
  - Review of key areas of income and expenditure headings in light of the Trust's strategic plan
  - Reviewing the impact of external factors e.g. pay increases, inflation
  - All carry forward reserves balances
  - Any unspent grants or earmarked funds remaining from the previous financial year
  - Any funds held centrally by the Trust
  - Preparation and evaluation of key financial metrics by school and at Trust level
  - A set of agreed budgetary Trust wide principles and assumptions in relation to inflation levels, pupil number forecasting and efficiency savings.
10. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income will be explored and expenditure headings will need to be reviewed for areas where reductions and efficiencies can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure results in at least a breakeven position. In exceptional circumstances an in year deficit may be proposed, if carried forward reserve balances will support an in year deficit. This applies only at a school level, reserves for one school cannot be used to support a deficit budget in another.

## **Other Government Funding**

11. In addition to GAG funding from DfE the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Regional Academy Growth Funding, Additional Special Educational Needs funding etc. This funding may be from the Department for Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually, as appropriate.

12. The **Chief Operations and Finance Officer** is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

## Other Grants and specific funding

13. In addition to the GAG funding from the DfE the Trust and other government funding, the Trust may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the Board of Trustees. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally on an annual basis as appropriate.
14. The **Chief Operations and Finance Officer** is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

## Funds held in Trust

15. Where funds are held in trust the **Chief Operations and Finance Officer** is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

## Virements

16. Virements will not be permitted under any circumstances. The reason for this is to maintain clarity against the original budget approved by the Board of Trustees. Budget variance analysis will highlight financial differences. Differences are much more easily explained when virements are not used as they can reduce clarity.

## Revised Budget

17. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the **Chief Executive Officer** and **Chief Operations and Finance Officer** and reports forwarded to the **Chair of Trustees** and **Resource Committee**. If a substantial structural change occurs in any school then the Resource Committee may recommend (within the first 6 months) for a revised budget to be prepared. This revised budget must then be re-approved by the Board of Trustees.

## Budget Forecast Return

18. The approved budget must be submitted to DfE by the deadlines published each year by the **Chief Operations and Finance Officer**. The **Chief Operations and Finance Officer** is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

## Monitoring and review (including management accounts)

19. Monthly reports are prepared by the **Chief Operations and Finance Officer**. The reports include:
  - Actual income and expenditure against budget (shown as month to date and cumulative position)
  - Full year forecasts of income and expenditure against budget

- Capital and any restricted income and expenditure (including CIF funding)
  - Balance sheet
  - Cash flow forecast
  - A financial commentary highlighting and explaining significant variance (for example over £10,000)
20. Any potential significant overspend against the budget must in the first instance be discussed with **the Chief Executive Officer**.
21. The monthly reports are sent to the **Chief Executive Officer, Resource Committee** and the **Chair of the Board of Trustees**. The content of the monthly reports will be agreed with the Resource Committee and LGB's.
22. The **Chief Operations and Finance Officer** should present the most recent management accounts at each Resource Committee meeting.

## Independent checking procedures

23. The Trust manages a programme of risk review and checking of financial controls. The Trust have appointed Greenhill Independent Audit & Assurance to conduct reviews of each of the schools within the Trust as well as the central finance function. The depth and breadth of the review cycle will be determined by the risk matrix produced by the provider in regards to financial audit performance. This will be determined by the Resource Committee after reviewing the audit outcomes.

## Review of regularity

24. The **Chief Executive Officer** (in their role as Accounting Officer) reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:
- Reviews management accounts
  - Reviews compliance against the scheme of delegation
  - Reviews transactions for evidence of connected party transactions
  - Value for money practice
25. The Accounting Officer has delegated the following responsibilities to the **Chief Operations and Finance Officer**.
- Adherence to tendering policies
  - Review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook
  - Review of trustees/governors' minutes
26. A checklist is completed for each review undertaken.

27. If there is a significant departure from the anticipated budget surplus or deficit this will be escalated to the **Resource Committee** as part of the monthly management accounts procedure.

## Annual accounts

28. The Trust must prepare annual audited financial statements for the accounting period to 31<sup>st</sup> August.
29. The accounts are prepared in house by the **Chief Operations and Finance Officer**.
30. The accounts are then submitted as follows:
- By 31 December – online to DfE
  - By 21 January – on the Academies Accounts Return by the Trust's external auditors to the DfE
  - By 31 January – published on our own website
  - By 31 May – to Companies House

## Value for money statement

31. As part of the annual accounts the trust must include 3 focussed examples of value for money.
32. The **Chief Operations and Finance Officer** is responsible for collating the examples which are then confirmed by the **Resource Committee**.

## Audit arrangements

33. External auditors must be appointed in accordance with the Academies Financial Handbook.
34. The **Chief Operations and Finance Officer** is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

## Work undertaken during accounting period

35. The **Chief Operations and Finance Officer** is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
- Reviewing the structure of the trial balance
  - Maintaining a fixed asset register
  - Monthly depreciation charges
  - Maintaining income and expenditure records (including filing of invoices)
  - Reviewing aged debtors for any provisions required
  - Maintaining a record of governors/trustees interests, related and connected party transactions
  - Control account reconciliations (bank, wages, debtors, creditors)

- Maintaining a record of meeting attendance
- Monitoring & reporting to the Accounting Officer and Board of Trustees

## Work undertaken for the year end

36. The **Chief Operations and Finance Officer** is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:
- Stock take including year-end stock valuations
  - Prepayments and accruals
  - Control account reconciliations (bank, wages, debtors, creditors)
  - Close down of the purchase ledgers
  - Close down of the Sales ledgers and aged debtors
  - Pension valuations
  - Teachers pension scheme audit (as per the pension scheme year)

## Accounts Return

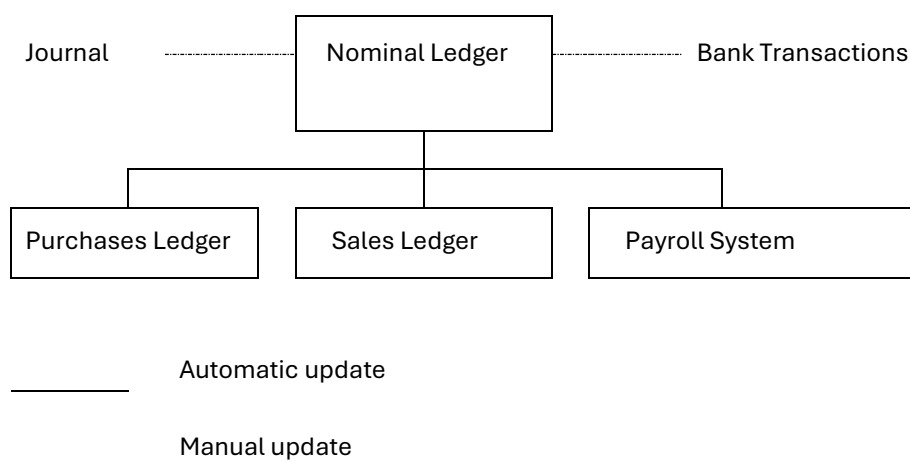
37. The Trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted by the Trust's appointed auditor to the DfE by 21 January.
38. The accounts return is overseen by the **Chief Operations and Finance Officer** working with the external auditors to get it submitted to the DfE.

## Document retention

39. Documents are retained for the following amount of time:
- Finance records – current year plus preceding 6 years
  - Insurance records – employer liability policy records minimum of 6 maximum of closure of Trust plus 40 years – property claims 3 years – personal injury 6 years
  - Supply cover insurance – current year plus preceding 6 years
  - Payroll and travel records – current year plus preceding 6 years
  - Personnel records – Termination of employment + 6 years
  - All student files – Primary (retain whilst child remains at school and pass on to Junior / Secondary) Secondary (maintain for date of birth of pupil + 25 years)

## Accounting system

40. All the financial transactions of the Trust must be recorded into the PS Financials system, the computerised financial information accounting system. This system is operated by the Finance Department and consists of:



## System Access

41. Access to the system is password restricted to the **Finance Team**, and those who have been authorised by the Accounting Officer e.g. external accounting providers and auditors.
42. The **Schools ICT co-ordinators** are responsible for implementing a system which ensures that passwords are changed regularly.

## Back-up Procedures

43. The **Trust's ICT Co-ordinator** is responsible for ensuring that the cloud based system utilised by PSF Financials is backed up appropriately and in line with their policy (documentation has been seen by the **Chief Operations and Finance Officer**).
44. A hard copy of the nominal ledger and audit trail are printed each month and kept with the management accounting information.
45. The disaster recovery plan explains what to do in the event of loss of accounting facilities or financial data. Copies are held in the fire proof container, or offsite.

## Transaction processing

46. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
47. All journal entries are supported by appropriate documentation, prior to being input into the accounting system.
48. Bank transactions are input by **Business Managers or Finance Officers** and reviewed as part of the monthly reporting cycle where appropriate.

## Transaction reports

49. The **Chief Operations and Finance Officer** reviews the following system reports (to be initialled and dated) monthly to ensure that only regular transactions are posted to the accounting system:
- Standing data amendment reports for the payroll, purchase ledger and sales ledger;
  - Management accounts summarising expenditure and income against budget at budget holder level

## Reconciliations

50. The **Chief Operations and Finance Officer** 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
  - All suspense accounts
  - Bank balance per the nominal ledger to the bank statement
51. The **Chief Operations and Finance Officer** signs all reconciliations as evidence of review.
52. Any unusual or long outstanding reconciling items are dealt with according to the bad debt limits in this manual.

## Cash Management

### Bank Accounts

53. The following procedures must be followed when opening a bank account and operating it:
- The Trust is responsible for selecting the banking institution and negotiating the terms and conditions
  - The Board of Trustees must authorise the opening of all bank accounts
  - The Trust will ensure that in the event of changes to key personnel or Trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
  - Terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
  - The trust must inform the bank, in writing, that their accounts must not become overdrawn
  - The trust must ensure there are sufficient funds to cover all payments

## Deposits

54. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
- The amount of the deposit
  - A reference (for example the number of the receipt or the name of the debtor)
  - The name of the person who has entered the details
55. The **Finance Officers or Business Managers** are responsible for updating the accounting system (within 7 working days) for deposits placed.

## Payments and withdrawals

56. All cheques, BACS payments and other instruments authorising withdrawal from the Trust bank account must bear the following authorised signatures:

Level A - Trust	Level B - School
Chief Executive Officer	Headteacher
Director of Finance & Ops	Deputy Headteacher / SBM
Chair of Board of Trustees	Chair of Local Governing Board
Authorisation Level	Authorisation Level
Cheques > £50,000 signed by all three	N/A
BACS individual invoices > £50k, all three	BACS individual invoices > £50k, all three
Cheques & BACS < £50k signed by two A	Cheques & BACS < £50k signed by two B

57. This provision applies to all accounts, public or private, operated by or on behalf of any local governing board of the school including funds held in trust.
58. The **Finance Officers** and **Business Managers** are responsible for updating the accounting system (within 2 working days) for payments made.

## Administration

59. The **Chief Operations and Finance Officer** ensures bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- All bank accounts are reconciled to the academy's cash book
  - Reconciliations are prepared by the Chief Operations and Finance Officer.
  - Reconciliations are subject to an independent periodic review by a suitably qualified member of the Board of Trustees or the Chief Executive Officer at least quarterly.
  - Adjustments arising are dealt with promptly

## Petty Cash

60. No petty cash is held centrally by the Trust. Schools may hold a maximum cash balance of £500 for the purchase of minor items, which is held in the office safe and is the responsibility of **Business Managers** and **Finance Officers**.
61. The petty cash float must not be used for:
- Cashing personal cheques
  - Paying staff loans

## Payments

62. In the interests of security, petty cash payments are limited to £50. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation procedures as purchases from the main bank account.

## Administration

63. The petty cash float is maintained on the PS Financials system and the float is only reimbursed from the main bank account.
64. The petty cash float is reconciled monthly by **Finance Officers or Business Managers**. The reconciliation is then reviewed by the **Headteacher** and initialled as evidence of review.
65. The **Chief Operations and Finance Officer** carries out a spot check of the petty cash float once a term.

## E-procurement & Payments

66. The school procurement cards are used only when it is not practical to use the BACS system or where buying online by procurement card can result in greater value for money. It is used mostly for internet purchases and to buy refreshments for meetings.
67. The cards are kept in the school safe and are only used by named card holders:
- **Headteachers**
  - **School Business Manager**
68. Any department wishing to make a purchase on procurement card must complete an order form and pass this to the **Business Manager or Headteacher** to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder.
69. When the procurement card statement arrives there will be a VAT invoice for all purchases, or other online order confirmation and it is sometimes necessary to chase suppliers for this. A cash book journal is entered for each entry on the statement.
70. Each cardholder is responsible for signing his or her procurement card statement and returning with supporting documents. The **Chief Executive Officer or Chief Operations and Finance Officer** are responsible for authorising the payment and also ensuring procedural compliance in relation to the

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transactions. The **Chair of Trustees** or **Chair of the Resource Committee** are responsible for authorising the CEO's procurement card.

71. The procurement card statements, along with all the relevant supporting documentation are then given to the **Business Manager** or **Finance Officer** who will then authorise on the system for payment.

## BACS Payments

72. Payment runs are prepared from the Trust's Purchase Ledger, taking into account:
  - The ordering and invoicing process has been carried out as per this manual
  - Supplier payment term
  - Adequate funds in the Trust's bank account
  - VAT chargeability on qualifying expenditure is shown
73. The BACS payment is prepared by the **Finance Officers** or **Business Managers** (school level) or **Chief Operations and Finance Officer** (Trust level) then passed onto two of the bank mandate signatories (in line with **Level A** and **Level B** signatory procedures highlighted in point 56, **payments and withdrawals**) who check to ensure valid suppliers, invoices and amounts. Random checks of invoices will be carried out by the Headteachers. Bank mandate signatories will then approve the BACS payment for processing.
74. Normally, BACS payments are processed within a month of receipt of invoice, although every effort is made to ensure the school benefits from early payment discounts.
75. The Business Managers ensure that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the **Business Manager** or **Finance Officer** should request that the individual states his self-employment reference number on any invoice issued to the school. The **Business Manager** or **Finance Officer** also confirms a supplier's status in reference to IR35 and follows latest HMRC requirements.

## Investments

76. Investments are made in accordance with written procedures approved by the **Board of Trustees**.
77. All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

## Reserves

78. Reserves are managed in accordance with the Reserves Policy (Appendix C).
79. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.

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80. The **Chief Executive Officer** as Accounting Officer must inform DfE immediately if a deficit is anticipated, and follow the requirements of the Academies Financial Handbook.
81. If the Trust is anticipating a deficit at the end of any financial year, the **Board of Trustees, Chief Executive Officer and Chief Operations and Finance Officer** have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The **Board of Trustees** must ensure that a recovery plan is submitted and approved by the DfE.
82. The Trust undertakes to ensure that a contingency reserve of £0.6m is held in cash (see Appendix C)

## Capital Reserves

83. Any overall surpluses at the end of the year are carried over to the following year.
84. It is the responsibility of the **Chief Operations and Finance Officer** to keep accurate records of the capital funds, especially where grants have been received for capital projects.

## Endowments

85. The **Chief Operations and Finance Officer** is responsible for accounting for the transactions within any endowment funds.
86. Any transactions are in line with the memorandum and articles.

## Payroll

### Staff Appointments

87. The **Board of Trustees** approves the Trust staffing structure as part of the annual budgeting process. Significant re-organisational change requires the express approval in the first instance of the **Resource Committee** who must ensure that adequate budgetary provision exists for any establishment changes, following that approval must be sought by the **Board of Trustees**.
88. The **Chief Executive Officer** has authority to appoint staff within the authorised staffing structure except for **Chief Executive Officer, Chief Operations and Finance Officer** and **Headteachers**. whose appointments require the approval of the **Board of Trustees**. Authority may be delegated to a Nomination and Remunerations Committee, or to a Headteacher in relation to his or her own school. The **Business Manager** or relevant **Office Staff** member maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the **Business Manager** or relevant member of the school's **Office Staff**.
89. The **DBS Officer and Business Managers** are responsible for obtaining the relevant pre-employment documentation (including DBS checks) and ensuring these are recorded on the SCR.

### Payroll Administration

90. Payroll is administered through the Trust's payroll provider (East Midlands Shared Service).
91. All staff are paid monthly by the appointed payroll provider by BACS. A master file is created for each

employee which records:

- Salary
- Bank account details
- Taxation status
- Personal details
- Any deductions or allowances payable
- Other legal and relevant details

92. New employee payroll records can only be created by the appointed payroll provider after the approval of the **Business Managers** or **HR Officers** who are responsible for submitting the master file data to the provider. Any employee payroll record (standing data) amendments made are approved by the **Business Managers** or **HR Officers**.
93. **Business Managers** or the appropriate member of the school's **Office Staff** must complete a monthly staff return which provides details for all staff sickness and other absences during the month and any new appointments or terminations. Staff returns should be authorised by the Headteachers within each school and forwarded to the payroll provider.
94. Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the employees line manager, and communicated to the **Business Manager** or the appropriate member of the school's **Office Staff** who prepares the return for authorisation by the **Headteacher (or Business Manager where appropriate)**. This is then submitted to the payroll provider for inclusion in the payroll return.
95. Each month the payroll provider will prepare and distribute a timetable for payroll processing specifying key dates for the month in question.

## Payments

96. Before payments are dispatched a print out of all data should be obtained, including an exceptions report from the payroll provider and this should be checked against source documentation by the **Business Managers** or appropriate member of the school's **Office Staff**. This pre-run should be signed by the **Headteacher** and filed securely. This document will be checked at least termly by the **Chief Operations and Finance Officer** for accuracy.
97. All salary payments are made by BACS.
98. The **Chief Operations and Finance Officer** prepares a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations and pay increases. This is then signed and held on file for review by external auditors.
99. The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions, pensions and apprentice levy. The amounts payable are summarised on the gross to net pay print and BACS payments for these amounts are prepared by the payroll provider and submitted by them.

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100. The **Chief Operations and Finance Officer** carries out random payroll checks termly, including checking gross pay to employment contracts.
101. After the payroll has been processed the nominal ledger postings will be made to the payroll control account and to individual cost centres. The **Chief Operations and Finance Officer** should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.
102. Each month the gross pay per the payroll system is agreed in total to the data held in SBS.

## Salary advances

103. The trust does not make salary advances.

## Overtime

104. Overtime is recorded by the individual, authorised by their line manager and included on the overtime return approved by the Headteacher and submitted by the deadline as advised by the payroll provider.
105. Claim forms must not be submitted prior to work having been undertaken.
106. No payments for work undertaken will be made other than via the payroll system.

## Severance payments

107. The Trust is able to self-approve the non-contractual element of severance payments up to £50,000 before income tax and other deductions. A business case must be presented before agreeing a payment, using the form provided by DfE on Gov.uk.
108. Where the non-contractual element is on or over £50,000 gross (before income tax and other deductions) prior approval from DfE must be sought.
109. The **Chief Executive Officer** must sign off and review each business case, which should include a value for money assessment. **The Resource Committee** will then authorise final approval of the severance payment.

## Ex-gratia payments

110. Any ex-gratia payments must be submitted to DfE for prior approval.

## Executive Pay

111. The **Board of Trustees** must ensure its decisions about levels of executive pay follow a robust evidence-based process and are reflective of the individual's role and responsibilities. No individual can be involved in deciding his or her remuneration.
112. The **Board of Trustees** must discharge its responsibilities effectively, ensuring its approach to pay is transparent, proportionate and justifiable, and follow the requirements of the Academies Financial Handbook.

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113. The Trust have implemented an executive pay policy in line with points 111 and 112 which covers the pay for the roles of **Chief Operations and Finance Officer** and **Chief Executive Officer**.

## Income

### DfE grants

114. The main sources of income for the Trust are the grants from the DfE. The receipt of these sums is monitored directly by the **Chief Operations and Finance Officer** who is responsible for ensuring that all grants due to the Trust are collected.

### Other grants

115. The receipt of these sums is monitored directly by the **Chief Operations and Finance Officer** who is responsible for ensuring that all grants due to the Trust are collected.

## Trips

116. A lead member of staff must be appointed for each trip to take overall responsibility although cash collection is usually the responsibility of the school office. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be held at each school.
117. Parents should make payments to the school either through an online payment system or using cash (where accepted by the school). A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.
118. The schools should maintain an up to date record for each student showing the amount paid and the amount outstanding.
119. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the **Business Managers or Headteachers** in advance of the booking being made.

## Catering

### *If cash payments*

120. Any cash payments must be reconciled on a daily basis by the **Admin Officers** to the lunch records and initialled on a weekly basis as evidence of reconciliation. The school meal numbers and cash totals are then to be entered onto the weekly banking sheet. The cash is kept in the safe prior to weekly collection for banking. The **Admin Officers** must reconcile the weekly banking sheet to actual receipts banked and a note of their name should appear on the banking documentation.

### *If electronic cash collection*

121. The weekly bank credits are reconciled to the **financial system** reports in the first instance. Monthly checks are undertaken by **Business Managers** and cross referenced to a sample of individual pupils.

## **Where a school has outsourced contract catering**

122. The school is responsible for settling invoices from the catering contractor for free school meals and hospitality in accordance with the standard supplier terms.
123. The contractor is required to supply monthly usage statements to the school **Business Managers** in accordance with contractual terms.

## **Lettings**

124. The **Estates manager or School Business Managers** are responsible for maintaining records of bookings of sports facilities or school premises (including the Ark theatre) including the Letting Agreements and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities or invoiced promptly.
125. Details of organisations using the facilities will be held by each school and they will establish a sales ledger account and produce a sales invoice from the accounting system.
126. Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually. These documents should be filed with any lettings risk assessments.

## **Sundry income**

127. Income from other sources (for example educational consultancy) is priced in consultation with the **Chief Operations and Finance Officer**. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay. The **Chief Operations and Finance Officer** approves all credit agreements.

## **Gift aid**

128. To ensure the Trust, in its position as an exempt charity, receives all the monies it is entitled to the **Chief Operations and Finance Officer**:
  - Reconcile income against records to confirm expected amounts have been received by the donor
  - Ensure the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

## **Bad debts**

129. The Trust chases all monies due. Those debts that have not been paid within 30 days of an invoice being issued are chased by telephone or letter, or debt collection agency if appropriate.
130. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the **Chief Operations and Finance Officer** may approve the writing off of the debt.
131. The following write off limits apply:

Authorising Body	Limit
Chief Executive Officer	Up to £500
Resource Committee	£500 - £1,000
Board of Trustees	Over £1,000 & under 1% of total annual income or £45,000 (whichever is smaller)
Refer to DfE for approval	Over 1% of total annual income, or £45,000 (whichever is smaller per transaction)

## Purchasing

132. The Trust must achieve value for money on all purchases. A large proportion of our purchases are paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

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

### Routine Purchasing

133. Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Budget holders are expected to monitor data relating to their own budget areas via reports from the financial information system.

134. Routine purchases up to £1,000 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the person in school responsible for authorising the order. Copies of all quotes must be attached to the order form.

### E-procurement

135. Any department wishing to make a purchase on a procurement card must complete an official order form in the usual manner and pass this to the **Business Manager** or other authorised procurement card holder to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder.

136. Occasionally the procurement card is used to purchase small items where it is not possible to order this elsewhere or where better value for money is achievable.

### Orders

137. All orders must be placed using the financial information system which has inbuilt authorisation processes and checks against available budgets. Once authorised in accordance with the Scheme of

# ATTENBOROUGH LEARNING TRUST

Delegation, the order will be automatically approved by the financial information system. The order will be countersigned by the **Business Manager** or **Headteacher**.

138. Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier from the Finance Department
139. The budget holder must make appropriate arrangements for the delivery of goods to the Trust. On receipt the budget holder 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.
140. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, a returns delivery note should be generated, signed by the driver as proof of collection and held on file either physically or electronically.
141. All invoices should be sent to the individual schools. Invoice receipt will be recorded by the school office (and the invoice scanned) into the Financial Information System purchase ledger module. The Finance Department will stamp invoices with a grid against which the following can be evidenced by the budget holder authorising payment:
  - Invoice arithmetically correct
  - Invoice posted to purchase ledger
  - Goods/ services received
  - Goods/services as ordered
  - Prices correct
  - Invoice authorised for payment
  - Payment authorised
  - VAT treated correctly
  - Payment made
142. The budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the school office for processing. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
143. If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.
144. Twice a month the **Business Manager** or **Finance Officer** will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the **Business Managers**.
145. The **Business Managers** or **Finance Officers** will then input details of payments to be made to the purchase ledger and generate the required BACS file. The BACS payment runs and associated paperwork must be authorised by two of the nominated cheque signatories.

146. BACS payments are input by the **Business Managers of Finance Officers** and authorised on-line by two signatories in accordance with the banking policy and procedures (see E-procurement and BACS Payments above).

## **Orders over £5,000 but less than £10,000**

147. At least three written quotations should be obtained for all orders over £5,000 but less than £10,000 to identify the best source of goods / services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and e-mailed confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.

## **Orders over £10,000 but less than £50,000**

148. All goods / services ordered with a value over, or for a series of contracts which in total exceed £10,000 but less than £50,000 must have three formal written quotations or be purchased via a framework agreement. The **Chief Operations and Finance Officer** must be made aware of all purchases at this level so he or she can determine the level if their involvement required.

## **Orders over £50,000 but less than £100,000**

149. All goods / services ordered with a value over, or for a series of contracts which in total exceed £50,000 but less than £100,000 must have three formal written quotations or be purchased via a framework agreement. The **Chief Operations and Finance Officer** must be made aware of all purchases at this level so he or she can determine the level of their involvement required.
150. The **Resource Committee** must approve contracts of this level.

## **Orders over £100,000 but less than Official Journal of the European Union threshold**

151. All goods / services ordered with a value over, or for a series of contracts which in total exceed £100,000 follow a formal tender process. The **Chief Operations and Finance Officer** must be made aware of all purchases at this level so he or she can determine the level of their involvement required.
152. The **Chief Operations and Finance Officer** will agree a formal tendering process prior to commencement.
153. The **Board of Trustees** must approve contracts of this level.

## **Official Journal of the European Union**

154. Purchases over the **OJEU threshold** are to be dealt with in accordance with OJEU regulations.
155. The **Chief Operations and Finance Officer** will agree a formal tendering process prior to commencement.
156. The **Board of Trustees** must approve contracts of this level.

## Trading with connected and related parties

157. All members, trustees, local governors of academies within a multi-academy trust as well as senior employees must make the **Chief Operations and Finance Officer** aware of any potential issues with trading with connected or related parties. The **Chief Operations and Finance Officer** can assess the potential for conflict in accordance with the Academies Financial Handbook.
158. The Academies Financial Handbook describes how the Trust can address any conflicts and steps which must be considered in any procurement process.
159. The **Chief Operations and Finance Officer** will regularly cross check with the Trusts' supplier list against Members, Trustees and Governors declared interests to ensure no conflict of interests have been overlooked.
160. If any conflict cannot be resolved by the **Chief Operations and Finance Officer** then he or she must refer the issue to the **Chief Executive Officer** and **Chair of the Board of Trustees**.

## Goods and services for private use

161. No goods are ordered or services provided to include any elements of private use by Members, Trustees, Governors and staff.

## Forms of Tenders

162. 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 Chief Operations and Finance Officer 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 Trust'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

163. Full consideration should be given to:

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

164. 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.

165. A tender brief must always be prepared and is reviewed by **the Chief Operations and Finance Officer**.

## Invitation to Tender

166. 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.

167. 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
- Form of response
- Dates for decision and work to be delivered

## Tender Acceptance Procedures

168. The invitation to tender should state the date and time by which the completed tender document is received by the Trust. Tenders are 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 are not accepted.

## Tender Opening Procedures

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

- Either the Chief Operations and Finance Officer or the Chief Executive Officer or a member

of the Resource Committee.

170. A separate record details the names of the firms submitting tenders and the amount tendered. The record is signed by both people present at the tender opening.

## **Tendering Procedures**

171. 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.
172. 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.
173. Full records should be kept of all criteria used for evaluation and:
- For contracts over £50,000 but less than £100,000 a report should be prepared for the Resources Committee highlighting the relevant issues and recommending a decision.
  - For contracts over £100,000 a report should be prepared for the Board of Trustees highlighting the relevant issues and recommending a decision.
174. The accepted tender should be the one that is economically most advantageous to the Trust. All parties are then informed of the decision.

## **Tendering undertaken on behalf of the trust**

175. The Trust will allow responsible third parties, (in this policy responsible parties are only local authorities or other government bodies), to prepare tenders on behalf of the trust. Where third party tendering takes place the trust shall seek assurance (in writing) that the third party followed their own tendering procedures and sought out an appropriate number of tenders and quotes. The appropriate number of tenders and quotes will usually be 3 but if the equipment is unique or bespoke and only a single supplier is capable of providing the equipment then a single quote will be acceptable (in this instance). The Trust may accept the winning supplier without having to seek assurance itself with the supplier as this is provided by the responsible third party. As we are only classifying responsible third parties as LA's or other government bodies we are satisfied that they have undertaken an acceptable tendering process.
176. Condition Improvement Fund – When the trust submits a CIF bid and it is successful, then the tendering process will be run by our professional services provider. However, all tenders are still returned to the trust and then ranked according to value. The professional services provider will then check the tender return documents to ensure they meet the tender specification and advise the trust of all the compliant bids. At this stage the trust will take the tender return summary to the Resources Committee for final approval, where the lowest compliant contractor will always be selected. The Resources committee will then report this decision up to the trust board through its usual reporting channels.

## **Insurance**

177. The **Resource Committee** reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for the Trust property when off the

premises.

178. Trustees have chosen the RPA to insure the Trust's schools.
179. Budget holders must ensure all valuables are kept under lock and key when not being used in a supervised manner.

## **Governors/Trustees Expenses**

180. All Governors, Members and Trustees of this Trust are entitled to claim the actual costs, which they incur as follows:

- Childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)
- Cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
- The extra costs they incur in performing their duties either because they have special needs or because English is not their first language
- The cost of travel relating only to travel to meetings/training courses at a rate of 55 pence per mile which does not exceed the specified rates for school personnel
- Travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from any other source.
- Telephone charges, photocopying, stationery, postage etc.
- Any other justifiable allowances

181. The Board of Trustees acknowledges that:

- Governors and Trustees are not be paid attendance allowance
- Governors and Trustees are not reimbursed for loss of earnings

182. Trustees and Governors wishing to make claims under these arrangements, must complete a claims form from the **Chief Operations and Finance Officer** and attach the relevant receipts. The form must be submitted to the Finance Department within two weeks of the date when the costs were incurred, when they will be submitted for approval to the **Chair of Governors** for Governors or **Chair of Trustees** for Trustees.

183. Claims will be subject to independent audit and may be investigated by the **Chair of Trustees** (or **Chair of Finance** in respect of the **Chair of Trustees**) if they appear excessive or inconsistent.

## **Gifts**

184. Please refer to the **anti-fraud and corruption policy** for guidance on gifts and hospitality.
185. Gifts that have been reported are entered onto the gifts and hospitality register.

## Energy Management

186. The **Estates Manager** or **School Business Managers** are responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Meters should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual reading should be investigated.
187. The **Estates Manager, Site Manager or School Business Manager** ensures that the school's heating system is operated and run as efficiently as possible.
188. The **Chief Operations and Finance Officer** ensures that the school is purchasing energy at the most competitive prices available.
189. All staff are responsible for working in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

## Fraud (please also refer to the Trust's anti-fraud and corruption policy)

190. The trust does not tolerate fraud.
191. Where instances of fraud are found the **Chief Executive Officer** will notify the Board of Trustees.
192. Where instances of Fraud are found the **Chief Executive Officer** will notify the DfE if fraud, theft or irregularity exceed £5,000 individually or £5,000 cumulatively in any one year.

## Whistleblowing

193. The Trust has a Whistleblowing Policy.

## Leasing

194. The Trust will assess all leases and determine whether a lease is an operating lease or finance lease before any agreement is entered into. Any lease must be approved by the **Chief Operations and Finance Officer** prior to entering into the contract.
195. The Trust does not require DfE's approval for operating leases except for some transactions related to land or buildings.
196. The Trust will not enter into any finance leases.
197. The Trust must always seek value for money.

## VAT

### VAT 126 form

198. The **Chief Operations and Finance Officer** is responsible for submitting the VAT 126 form per month and ensures compliance with HMRC for claiming the correct levels of VAT.
199. The **Chief Operations and Finance Officer** will undertake periodic refresher courses to ensure he /

she maintains appropriate levels of VAT expertise. The **Chief Operations and Finance Officer** should ensure VAT compliance and training levels within each of the schools are up to date.

## Fixed assets

### Asset register

200. All items purchased with a value over the academy's capitalisation limit of £5,000 must be entered onto the fixed asset register.

201. 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
- Support insurance claims in the event of fire, theft, vandalism or other disasters

202. Examples of items to include on the asset register include:

- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment – fax machines, shredders, switchboard
- Furniture
- AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment
- Mini buses
- Heritage assets

203. The depreciation rates for the various classes of assets are:

Land & Buildings: 50 years – 2%

Plant and machinery: 15 years – 6.67%

IT equipment: 3 years – 33.7%

## Security of assets

204. All the items in the register are permanently and visibly marked as the Trust's property.
205. Equipment is, where possible, stored securely when not in use.
206. The **Chief Operations and Finance Officer** is responsible for carrying out physical fixed asset verification checks, at least every three years. This may be delegated to another member of finance staff but responsibility for completeness lies with the **Chief Operations and Finance Officer**. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated and reported to the **Resource Committee**.

## Disposals

207. Disposals, where applicable, are in line with the Academies Financial Handbook, and the Trust's funding agreements.
208. Items which are to be disposed of by sale or destruction up to £25,000 (which are not land and buildings or heritage assets) must be authorised for disposal by the **Chief Operations and Finance Officer** and, where significant, should be sold following competitive tender.
209. Items which are to be disposed of by sale or destruction over £25,000 (which are not land and buildings or heritage assets) must be authorised in line with the Scheme of Financial Delegation.
210. Disposals of land and buildings and heritage assets must be approved by the DfE.

## Loan of Assets

211. Items of Trust property must not be removed from Trust premises without the authority of the **Chief Executive Officer**. A record of the loan must be recorded in a loan book and booked back in to the school when it is returned.
212. If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.

## Expense Policy

213. Attenborough Learning Trust Employees and Governors may claim reimbursement in respect of actual expenditure incurred by them, arising from attending meetings, training and conferences. Purchases made on behalf of the academy must be approved by the budget holder prior to purchase and an official order raised through the school office.
214. **Eligible Expenses** are travel to and from meetings, training and conferences:
215. **Car Use** - reimbursement will be agreed by the Headteacher. It will be calculated according to the shortest route to and from the required destination (deducting any mileage that would normally be covered travelling to and from school and if during school hours and on a day normally worked).
216. **Governors** will be reimbursed at the agreed rate which is in line with HMRC guidelines .i.e. 55p per mile.

217. **Other Travel** - All claims must be accompanied by a relevant receipt or ticket. Purchases made on behalf of the school (e.g. perishable items for cookery) provided they are supported by the relevant receipt(s). Authorisation must be sort from the budget holder for payment to be made; therefore you must be aware that if prior approval has not been obtained from the budget holder the school reserves the right not to reimburse the cost.
218. **Procedure for Claiming** – employees should fill out an expense form detailing the mileage claimed (net of a normal days travel) and attach any relevant fuel receipts. Payment is made through the staff expenses system on PS Financials. All claims must be submitted within two months of the date of travel/purchase, using the schools travel/expense claim form, signed by the claimant and countersigned by the person authorising the claim. The claim should be passed to the office who will process the claim. All employees making a claim should state their start and end postcodes on the claim form.

## Procurement Cards

### 219. Objectives

- To allow trust personnel access to efficient and alternative means of payment for approved expenses, while maintaining the necessary controls over the use of school or Trust funds.
  - To improve managerial reporting related to procurement card purchases.
  - To improve efficiency and reduce costs of payables processing.
  - To reduce the need for petty cash.
220. Wherever possible, all purchases should be made via a purchase order and paid through the BACS system on receipt of an invoice. Where online purchases via a procurement card are deemed necessary a requisition should be raised and approved as per the financial procedures, before any payment is made.
221. Each school should have a maximum of 2 procurement cards with a spend value of up to £5,000 per card. The day-to-day operation and control of the academies procurement cards are the responsibility of the School Business Manager as well as the Headteacher. Holders of cards must use them only for the purposes for which they have been issued and within authorised purchase limits.
222. The misuse of such cards shall be grounds for disciplinary action. Cards must not be loaned to another person, nor should they be used for personal or private purchases.
223. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs.
224. The following purchases are expressly prohibited:
- Alcoholic beverages/tobacco products
  - Items or services on term contracts
  - Any other items deemed inconsistent with the values of the Academy
225. Cash advances on credit cards are not allowed under any circumstances. This includes the use of any

form of cash withdrawal or cash back facility.

226. Individuals who do not adhere to this policy risk revocation of their procurement card privileges and possible disciplinary action.
227. Procurement cards will be provided for the Chief Executive Officer of the Trust and the Headteacher of each school. An additional card for the Deputy Head and Business Manager will be approved by the Trust Finance Director but only after a specific request from the school. Procurement cards to be issued subject to the requirements of the bank signature mandate for the trust. Monthly procurement card statements to be printed and reconciled to the requisition / purchase order and signed by the relevant card holder and Business Manager.
228. VAT receipts must be retained and referenced on the monthly statement.
229. All school procurement cards shall be paid in full by direct debit from the Academy bank account.
230. All procurement cards will be held safely and securely and remain the responsibility of the cardholder

## **Procedure for Preparing the Management Accounts**

231. Management Accounts are prepared on a monthly basis by the **Director of Finance and Operations** and follow the same monthly process
  - Business Managers to uplift the monthly payroll journals and send to the Director of Finance & Operations for approval (mid-month prior to month end)
  - Close the VAT period on as close to the first day of each month as is practicable
  - Prepare the VAT126 return by downloading the format from the HMRC website
  - Close down the general ledger month end and open the new period so that posting can recommence
  - Prepare the bank reconciliation ensuring all items are posted to PS Financials and cleared down
  - Run the depreciation charges for fixed assets
  - Prepare the journals for inter-company recharges (top slice, apprentice Levy, clerking)
  - Reconcile all remaining balance sheet control accounts (accruals, pre payments, employment, Debtors, Creditors)
  - Run the monthly reports for each location including the consolidated account
  - Prepare the monthly cash flow forecast and labour analysis
  - Ensure the Accounting Officer countersigns all the balance sheet reconciliations.

## **Procedure for reporting Related Party Transactions**

232. We must report all contracts and other agreements with related parties to DfE in advance of the contract or agreement commencing or being renewed, using DfE's related party on-line form.
233. We must obtain DfE's prior approval, using 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

## At Cost Requirements

234. We must pay no more than 'cost' for goods or services ('services' do not include contracts of employment) provided to it by the following persons ('persons' meaning both individuals and organisations):

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

For further information regarding the at cost requirements please refer the trust handbook, 5.50 to 5.59.

## Investment Policy (Appendix B)

### 1. Purpose and scope

To set out the processes by which Attenborough Learning Trust can invest funds surplus to day-to-day operational requirements and to ensure that investment risk is properly and prudently managed.

In doing so, Trustees must:

- Act within their Charity's power to invest
- Set investment objectives
- Set the parameters that deposit counterparties need to meet
- Approve the type of products that Attenborough Learning Trust can invest in and seek external guidance if required
- Define processes to manage and make investment decisions
- Monitor and review investments on a regular basis

### 2. Responsibility

The Academy's Articles gives Trustees the power "to expend the funds of the Trust in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of the Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Objects."

Whilst the Board of Trustees has responsibility for the Trust's finances, the Board of Trustees may decide to delegate specific responsibilities to the Resources Committee in its Scheme of Delegation, in particular to manage, control and track financial exposure, and ensure value for money; and to review the trust's investments and investment policy on a regular basis.

The Chief Operations and Finance Officer is responsible for producing reliable cash flow forecasts as a basis for decision making. They are responsible for making investment decisions that comply with this Policy and for providing sufficient management information to the Resources Committee so it can review and monitor investment performance.

### 3. Objectives

The investment objectives are:

- To achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- Only invest funds surplus to operational need based on all financial commitments being met without the Trust bank account becoming overdrawn.
- By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Trust, commanding broad public support.

## 4. Investment strategy

Attenborough Learning Trust can only make deposits with Banks or Building Societies with a UK banking licence and which are regulated by the FCA.

### Counterparty limits

Institution	Rationale	Maximum investment – instant access + fixed term	Instant access / no notice accounts	Fixed term or notice accounts
Lloyds	ALT main banker (A+ rated)	Unlimited	Unlimited	£1m (plus interest accrued)
Investment grade A or higher	A rated banks  These banks are rated on par with Lloyds.	£2 million plus interest accrued (each A rated bank)	£2m (plus interest accrued) <b>reduced by any fixed term or no notice investment</b>	£1 million (plus interest accrued)
Other banks BBB+ BBB BBB-	Only with Financial Services Compensation Scheme (FSCS) protection arranged through Insignis Cash Solutions	£120k ( <b>including</b> interest accrued) in any individual bank	£120k ( <b>including</b> interest accrued)	£120k ( <b>including</b> interest accrued)
Banks rated below BBB-	No Investment permitted	£0	£0	£0

### Spending and liquidity policy

Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts produced by the Chief Operations and Finance Officer. The cash flow forecasts will take account of the annual budget and spending plans approved by the Board of Trustees and updated on a monthly basis.

A sufficient balance must be held in the current account so that the Trust's financial commitments can always be met without the bank account going overdrawn. The size of the balance will be determined by a forecast of future need and kept under review.

Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Trust.

## Third-Party Support

To facilitate investments with multiple institutions and to ensure the £120,000 (plus accrued interest) is not breached, Attenborough Learning Trust will allow the use of the services of the following third-party providers:

<https://www.insigniscash.com/>

## 5. Investment Products

IAT can invest surplus funds in a mixture of interest-bearing accounts and money market facilities (where the capital is not placed at risk), including:

- Overnight (instant access)
- Notice accounts (typically from 30-days to 100+ days)
- Fixed term deposits (typically from 1-month to 12-months)
- Fixed term deposit start/end dates should be staggered

***Investments should not be placed with a notice period exceeding 12-months at any time.***

## 6. Monitoring and review

The Trust has authorized signatories, two of which are required to sign instructions to the deposit taking institution.

The Chief Operations and Finance Officer will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Resources Committee at appropriate intervals or when requested, depending on the terms of the investments.

This Investment Policy will be reviewed by the Resources Committee on an annual basis to ensure continuing appropriateness.

## 7. Table of credit ratings

Rating	Moody's		S&P		Fitch		
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	
Investment grade: Highest (Triple A)	Aaa	P-1 (Prime-1)	AAA		AAA		
Investment grade: Very high	Aa1 Aa2 Aa3		AA+ AA AA-	A-1+	AA+ AA AA-	F1+	
Investment grade: High	A1 A2 A3		A+ A A-	A-1	A+ A A-	F1/F1+ F1 F2/F1	
Investment grade: Good	Baa1 Baa2 Baa3	P-2 (Prime-2) P-3/P-2 P-3 (Prime-3)	BBB+ BBB BBB-	A-2 A-3	BBB+ BBB BBB-	F2 F3/F2 F3	
Speculative grade: Speculative	Ba1 Ba2 Ba3	Not Prime	BB+ BB BB-	B	BB+ BB BB-	B	
Speculative grade: Highly speculative	B1 B2 B3		B+ B B-		B+		B B-
Speculative grade: Very high risk	Caa1 Caa2 Caa3		CCC+ CCC CCC-		C		CCC
Speculative grade: Very near to default	Ca		CC C C	CC C C			
In default	C		SD/D	D		RD/D	RD/D

## Appendix C - Reserves Policy

### Purpose of the Policy

The Department for Education (DfE) expects educational establishments to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that, if an organisation has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils.

Budget forecasts sent to the Department for Education (DfE) must declare any unspent funds expected to be carried forward at the end of the financial year. The DfE will also verify the sums of unspent funds when it checks the organisation's accounts and highlight and report, to the relevant DfE Boards, any cases where it has serious concerns about a long-term substantial retained surplus with no clear plans for use.

It is important that the reserves strategy takes account of longer-term financial forecasts including 3 to 5 year budget projections. The underlying position is of reducing amounts of funding as further cuts in education funding happen which are only partially protected by the Minimum Funding Guarantee.

### Types of reserves:

#### *Restricted Revenue Reserve*

This is usually the amount of unspent General Annual Grant from each school.

#### *Unrestricted Revenue Reserve*

This is retained funding inherited by the schools upon conversion to academies or self-generated funds through lettings, and other income generation activities.

### Reserves strategy

The Trust acknowledges that it has a duty to ensure long-term financial sustainability. Holding a level of reserves is essential to ensure the Trust builds in resilience to overcome emergency situations, short-term cash flow challenges due to delays in funding, in year unexpected changes in funding levels, but also to provide a means to support long-term capital investment, and develop the Trust.

The Trust takes into consideration the reserves levels annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The board takes into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review. Under its funding agreements with the Department of Education the Trust is not allowed to borrow any money. It is the aim of the Trust to hold free cash restricted and unrestricted reserves for the following purposes:

- Short Term Challenges - provide sufficient working capital to cover delays between spending and receipt of grants, in-year unexpected changes in funding levels, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The minimum to be set at £0.25m.
- Capital Investment - provide funds for a programme of capital investment in fixed assets. This includes items such as information technology equipment, educational equipment, office equipment, vehicles and other assets. It is expected that schools will build into annual budgets a level of budgeted expenditure sufficient to fund regular updating and

# ATTENBOROUGH LEARNING TRUST

renewal of educational equipment. The Trust will also develop a 3-year capital investment plan to be reviewed annually. The capital investment plan will indicate levels of long-term funding needed to support major Trust wide fixed asset programmes. The minimum to be set at £0.25m.

- Development - provide funds for development, supporting some schools as they grow and to support the expansion and diversification of the Trust in line with the strategic plan. Upper limit of £100k for this item.
- The total reserves of Short Term, Capital Investment and Development equate to a total reserve level of £600k for the trust.

## **Monitoring and Review**

The policy and reserves levels will be monitored at least twice each year:

- Each year alongside annual budgeting and long-term forecasting
- Each year alongside the preparation of the Trust's year-end report and accounts

The policy will be reviewed annual alongside the Finance policy.