



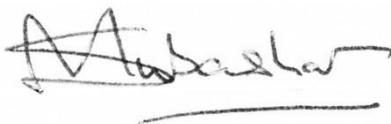

## Partnership Learning

# Financial Regulations

### MONITORING, EVALUATION AND REVIEW

The Board of Trustees and Local Governing Boards will assess the implementation and effectiveness of this policy. The policy will be promoted and implemented throughout the Trust and its schools.

This Policy will be reviewed by the Board of Trustees annually and must be signed by the Chair of the Board of Trustees and Chief Executive.

Policy Adopted/Approved by Board of Trustees:	20th November 2023
Next Review:	Annually
Signature of Chair of the Board of Trustees: 	Signature of Chief Executive: 

## **Glossary of Key Roles**

**Trustees:** This term indicates members of the Board of Trustees of Partnership Learning, who also fulfil the role of Directors of the company

**Local Governing Boards:** This term indicates sub-committees of the Board of Trustees of Partnership Learning, to which the Board has delegated powers and responsibilities in respect of their designated school or schools as set out in the Trust's Scheme of Overall Delegation.

**Headteacher:** This term indicates the single most senior education professional in each school, incorporating equivalent roles including Executive Head and Principal.

**Designated Senior Leader (DSL):** This term indicates the education professional individual or individuals in one of the tiers immediately below the Headteacher in each school (usually Head of School, Deputy Headteacher or Assistant Headteacher or equivalent) as designated by the school's Local Governing Board, up to a maximum of three per school.

**School Finance Lead (SFL):** This term indicates the single most senior finance professional in each school, as designated by the school's Local Governing Board and will usually be the School Business Manager, School Business Leader, Finance Manager or Director of Finance.

**Budget Holders:** Identified members of staff in each school, responsible for an allocated budget, as designated by the Headteacher.

***NB:*** All monetary values in this document are excluding VAT unless stated otherwise

## Contents

1	Introduction
2	Organisation
3	Accounting System
4	Financial Planning
5	Payroll
6	Purchasing & Procurement
7	Income
8	Cash Management
9	Fixed Assets
10	Statement of Accounting Policies
ANNEX 1	Charging Policy

## **1.0 Introduction**

- 1.1 For compliance with statutory financial reporting requirements, these regulations will refer to Partnership Learning as the Trust.

This document sets out the Trust's Financial Regulations and aims to ensure the Trust is fully compliant with legislation and will be reviewed annually by the Board of Trustees. Formal approval of any subsequent changes will be recorded in the minutes of an appropriate Trustee meeting.

The purpose of this manual is to ensure that Partnership Learning maintains and develops systems of financial control which comply with the requirements both of propriety and good financial management. It is essential that these systems operate effectively to meet the conditions of our legally binding Funding Agreements with the Education and Skills Funding Agency (ESFA). The manual also serves as an adjunct to the Schemes of Financial Delegation providing information on the day to day financial operations of the Trust.

- 1.2 The basic outline of Partnership Learning's funding agreements with the ESFA are outlined below:

### **Financial Systems**

- Financial Controls comply with propriety and good financial management;
- Proper Accounting records are maintained at both school and Trust level;

### **Budgeting**

- The Trust prepares a balanced budget;
- The annual Budget Forecast Return is completed within the statutory timeframes;

### **Annual accounts**

- Financial statements prepared for year ending 31st August each year in line with the Charity Commission's SORP and ESFA's Accounts Direction;
- Financial statements record Trust Accounting Policies;
- Audited financial statements presented to ESFA by 31st December each year;
- Annual accounts published on the Trust's website no later than the end of January following the financial year to which the accounts relate;
- Audited financial statements published as required by Companies Act 2006 and Charities Commission SORP;

### **Audit**

- Annual accounts audited by independent, registered auditors;
- Accounts and related documentation made available to ESFA as directed;

## Financial Notice to Improve

- The Trust to comply with the terms of any Notice to Improve issued by the ESFA.

## Insurance

The Board of Trustees to ensure the Trust has adequate insurance arrangements to supports its activities and comply with statutory requirements. As a minimum, insurance to be procured to mitigate risks in the following areas:

- Buildings & Contents of Trust;
- Business Interruption;
- Employer's & Public Liability cover;

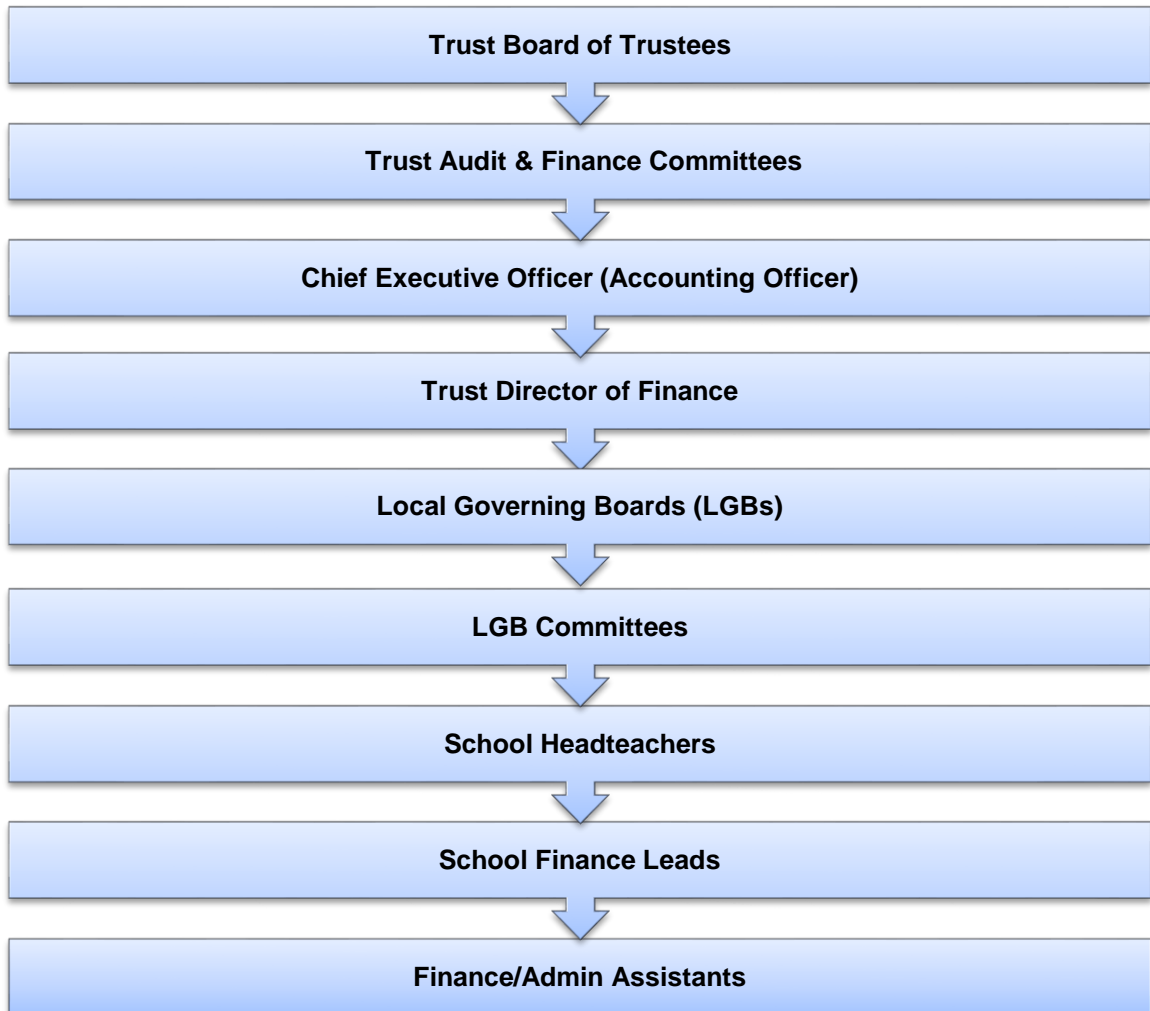
1.3 The Trust must comply with the principles of financial control outlined in the Academy Trust Handbook published by the ESFA. This manual concisely summarises key elements of the guidance, providing detailed information on the Trust's accounting procedures, responsibilities and outlining best practice. The manual should be read by all staff involved with financial systems.

1.4 As a Trust, Partnership Learning is a charitable company limited by guarantee. It must comply with:

- Company Law as set out in the Companies Act 2006 (and subsequent acts). This includes the requirement to complete the Register of Persons with Significant Control (PSC) on an annual basis.
- Charity Law and requirements of the Charity Commission and Statement of Recommended Practice (SORP) – *Accounting and Reporting by Charities*. The key stipulations of the Charities SORP are to produce annually a set of audited accounts and a Governors' report in a prescribed format.
- The Data Protection Act 2018 in its role as a Data Controller.

## 2.0 Organisation

- 2.1 This guidance defines the responsibilities of each person/entity involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a clear and transparent framework of accountability. The financial reporting structure is illustrated below:



### **INTERNAL CONTROLS EVALUATIONS**

**Clear process for independent checking of financial controls, systems, transactions and risks, carried out by internal audit service bought in from independent auditors**

### **EXTERNAL AUDIT**

- Statutory auditors appointed to conduct annual audit and certify the accounts as "true and fair"
- Including review of the accounting officer's statement of regularity, propriety and compliance

## 2.2 The Board of Trustees

The Board of Trustees has overall responsibility for the administration of the Trust's finances. The principal financial responsibilities of the Board of Trustees are prescribed in the Funding Agreements between the Trust and the DfE, administered through the ESFA and in the Trust's governance arrangements. The main responsibilities include:

- Ensuring that funds are received according to the relevant funding agreements;
- Ensuring that grant funding received from the ESFA is used only for the purposes intended (restricted and unrestricted funding);
- Ensuring that funds from sponsors are received according to the Trust's Funding Agreement, and used only for the purposes intended;
- Ensuring regularity and propriety in the use of the funds, and that value for money (through economy, efficiency and effectiveness) is achieved.
- Approval of the Trust Consolidated Budget and 3-year financial plan – this must be a balanced budget (including any balances brought forward from previous years) and maintain the Trust's status as a going concern.
- Approval of the Trust Central Budget and Trust contribution rates, which are deducted from each Trust school's monthly funding allocation at the prevailing rates;
- Appointment of Accounting Officer, External Auditors (advising Members) and Internal Auditors. The Auditors will be used across the Trust and their recommendations reported to the Board of Trustees and Local Governing Boards;
- Notifying ESFA of removal of external auditors;
- Appointment of a governance professional (clerk) to support the operation of the board
- Regularly monitoring of the Trust's financial performance (including monthly management accounts and quarterly review of pupil number projections) taking into consideration recommendations from the Audit & Risk and Finance Committees;
- Approval of annual financial statements;
- Oversight of the process for the operation of school bank accounts and charge cards. A specimen signature list will be retained at Trust level;
- Appointment of the Trust Audit & Risk Committee and the Trust Finance Committee and approve its terms of reference, in line with ESFA requirements;
- Approval of the scheme of delegation across the Trust;
- Approval of purchase orders/invoices/contracts as set out in the Scheme of Financial Delegation;
- Approval of tenders over the UK government procurement threshold for state funded education bodies;
- Approval of property lettings as per the Scheme of Financial Delegation;
- Approval of special severance and compensation payments (outside of normal statutory or contractual requirements) up to the figure agreed in the scheme of financial delegation;
- Overseeing the management of reserves for the Trust and the Investment Strategy;
- Ensuring maintenance and review of risk register – covering both financial and non-financial risks;
- Ensuring 'Get Information About Schools' system is updated within 14 days of any change;
- Appointment of the Trust Chief Executive Officer;

- Approval of the appointment of the Headteacher of each school in line with the scheme of overall delegation;
- Appointment of the Trust Director of Finance and Director of Operations.

### 2.3 **The Audit & Risk and Finance Committees**

The Audit & Risk and Finance Committees are committees of the Board of Trustees and meet at least three times a year, but more frequent meetings are arranged if necessary.

The Audit & Risk Committee reviews the reports of the Internal Auditors on the effectiveness of the financial procedures and controls, reviews the outcome of the annual external audit and makes recommendations to the Board of Trustees.

The Finance Committee oversees the financial procedures of the Trust, sets and monitors the central Trust budget and formally approves and oversees school budgets.

The main responsibilities of each committee are detailed in written terms of reference which have been authorised by the Board of Trustees.

### 2.4 **Chief Executive Officer (Accounting Officer)**

The Chief Executive Officer (CEO) has overall executive responsibility for the Trust's activities including financial activities, with specific responsibilities as set out in the Trust's Scheme of Overall Delegation and Scheme of Financial Delegation. The CEO acts as the Trust's Accounting Officer. Although much of the responsibility for management of the Trust's finances has been delegated to the Director of Finance or Director of Operations for the Trust, the CEO retains overall responsibility for all financial matters.

Under the Academy Trust Handbook Accounting Officers have a personal responsibility for:

- Assuring the board that there is compliance with the Academy Trust Handbook, the Funding Agreement and all relevant aspects of company and charitable law;
- The propriety and regularity of the public finances for which they are answerable;
- Keeping proper accounts;
- Prudent and economical administration;
- Avoidance of waste and extravagance;
- Economic, efficient and effective use of all the resources in their charge (value for money) in order to achieve the best possible educational outcomes;
- The management of opportunities and risks;
- Acting under the provisions of the Academy Trust Handbook if they consider that at any time the Board is failing to act under the terms of the Handbook or the Funding Agreements;
- Notifying the ESFA's accounting officer immediately and in writing, if the accounting officer considers that action proposed by the board is in breach of the articles, the funding agreements or the Academy Trust



Handbook, and they intend to proceed despite having been advised that the action contravenes the aforementioned regulations;

- Adherence to the 'seven principles of public life'.

## 2.5 The Trust Director of Finance

The Trust Director of Finance works in close collaboration with the CEO through whom he or she is responsible to the Board of Trustees. The Director of Finance also has direct access to the Board of Trustees via the Audit & Risk and Finance Committees. The main responsibilities of the Director of Finance are:

- To ensure that the Trust financial position is managed at a strategic level within the framework for financial control determined by the Board of Trustees;
- To manage the cash flow of the Trust and oversee cash flow of individual Schools;
- To ensure monthly completion of bank, petty cash and other reconciliations is adhered to;
- To oversee the operation of the Trust's accounting systems and oversight of all financial compliance and internal controls;
- To manage the VAT returns of the Trust;
- To oversee the development and maintenance of a sound system of internal financial controls as prescribed by the Academy Trust Handbook;
- To ensure all day to day financial matters of the Trust are managed effectively;
- To ensure financial policies are in place and work with Internal Audit to provide assurance to the Audit & Risk Committee and Board of Trustees;
- To ensure that the annual accounts are properly presented and adequately supported by the underlying books and original records of the Trust;
- To prepare monthly management accounts;
- To approve purchase orders/invoices/ contracts in line with the scheme of financial delegation;
- To authorise acceptance of quotations/tenders in line with the scheme of financial delegation
- To be an authorised signatory of the Trust bank accounts;
- To ensure statutory forms and returns for the Trust are sent to the ESFA in line with the timetable in the ESFA guidance.
- To maintain the Trust's fixed asset register

## 2.6 The Trust Director of Operations

The Trust Director of Operations works in close collaboration with the CEO through whom he or she is responsible to the Board of Trustees. The main responsibilities of the Director of Operations are:

- To oversee the day to day operations of the Trust and those responsible for the day to day operation of its schools;
- To ensure non-financial policies are in place and work with internal audit to provide assurance to the Audit & Risk Committee and Board of Trustees;
- To challenge key staff to ensure that value for money is routinely obtained;

- To manage all contracts and SLAs the Trust enters into centrally and oversee those responsible for contracts and SLAs the Trust's schools enter into, ensuring that Value for Money has been achieved across the Trust and purchasing power optimised;
- To authorise acceptance of quotations/tenders in line with the scheme of financial delegation;
- To authorise lettings in line with the Scheme of Financial Delegation;
- To be an authorised signatory of the Trust bank accounts;
- To ensure that the Trust and all its schools are fully compliant with HR legislation.

## 2.7 Local Governing Boards

Each school in the Trust is overseen by a Local Governing Board, whose delegated powers are set out in the Trust's Scheme of Overall Delegation and Scheme of Financial Delegation. The main financial responsibilities of the Local Governing Boards are:

- To review the budget for the individual school (including staffing budget) and make recommendations for approval to the Board of Trustees;
- To review the actual income and expenditure against the approved budget for the individual school and make recommendations to the Board of Trustees;
- To approve tenders in line with the scheme of financial delegation for the individual school;
- To approve the school's staffing establishment;
- To authorise purchase orders/invoices/contracts in accordance with the Trust Scheme of Financial Delegation.

## 2.8 Headteachers

The Headteacher of each individual school in the Trust has the following key financial responsibilities, in line with the Trust's Scheme of Overall Delegation and Scheme of Financial Delegation:

- To ensure draft budget papers are prepared for consideration by the LGB;
- To review the actual income and expenditure against the approved budget for the individual school and make recommendations to the LGB;
- To ensure that School Improvement Plan priorities are properly costed and linked to the school budget and finance plan;
- To authorise purchase orders/invoices/contracts for the individual school according to the Trust Scheme of Financial Delegation;
- To authorise quotations according to the Trust Scheme of Financial Delegation;
- To authorise the disposal of assets in line with the Scheme of Financial Delegation;
- To authorise payments from their school's bank account in conjunction with another authorised signatory;
- To act as an authorised signatory for the purposes of certifying appointments, claims and changes to contract within the prevailing establishment.

## 2.9 Designated Senior Leader (DSL) & Other Budget Holders

Within the framework of the Trust the Headteacher retains responsibility for financial activities within their school. Other members of staff may be given the financial responsibilities outlined below:

- To authorise purchase orders/invoices/contracts for the individual school according to the Trust Scheme of Financial Delegation;
- Signing cheques and approving BACS payments in conjunction with the Trust Scheme of Financial Delegation;

## 2.10 School Finance Leads (SFL)

The main responsibilities of the School Finance Lead for each of the schools in the Trust are:

- Day to day management of financial issues, administration of the financial system and the order requisition and payments processes;
- To draft original and revised finance plans in co-operation with the Headteacher and with the support of the Director of Finance;
- To maintain the accounting records using the Trust's accounting software;
- To ensure that purchase orders are raised prior to ordering goods/services, wherever possible, to aid effective budget monitoring and management;
- To ensure that payments are made to suppliers within 30 days after the date of the invoice;
- To monitor the budget on a monthly basis and make recommendations to the headteacher and LGB;
- To authorise purchase orders/invoices/contracts for the individual school according to the Trust Scheme of Financial Delegation;
- To authorise quotations according to the Trust Scheme of Financial Delegation;
- To monitor cash flow during the month and liaise with the Director of Finance regarding this;
- To ensure that proper checks and controls are in place to cover day-to-day activities in accordance with the Financial Regulations;
- Act as an authorised signatory for the purposes of signing cheques, certifying employee claims, etc.
- To ensure VAT is correctly accounted for at school level;
- Liaise with Internal Controls Evaluation internal auditors and external auditors in respect of any queries and ensure data is supplied for preparation of Annual Accounts within agreed timescales.

## 2.11 Internal Audit

An Internal Auditor is appointed by the Board of Trustees and provides the Board of Trustees and LGBs with an independent oversight of the Trust's internal controls and financial affairs. The purpose of the audit is to provide the Board of Trustees and LGBs with independent assurance that:

- The financial responsibilities of the Board of Trustees and LGBs are being properly discharged;
- Resources are allocated and managed in an economical, efficient and effective manner to secure Value for Money (VFM) outcomes;

- Sound systems of internal financial control are developed and maintained in accordance with wider audit objectives;

2.12 The appointed Internal Auditors will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as prescribed by the Board of Trustees. A report of the findings from each visit will be presented to the Audit & Risk Committee and to each LGB.

2.13 The Internal Auditors must be formally appointed annually by the Board of Trustees before carrying out their duties and must be separate to the Trust's external auditors

#### 2.14 **Other Staff**

Budget holders and other members of staff in the central Trust and in each of the schools in the Trust have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

#### 2.15 **Register of Business & Pecuniary Interests/Related Party Transactions**

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 Members, Trustees, Governors and staff with significant financial or spending powers are required to declare any financial, pecuniary, governance or any other relevant interests they hold. Declaration of Business & Pecuniary Interests is a standing item on the agenda of all Board, Committee and LGB meetings. All declarations of interest are published on Trust/school websites according to ESFA requirements.

2.16 The register should include all business interests such as Trusteeships, share holdings or other appointments of influence within a business or organisation. The disclosures should also include business interests of relatives such as a parent or spouse (anyone with a close family relationship), or business partner where influence could be exerted over a Trustee, Governor or a member of staff by that person.

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

2.18 The register is continually updated when changes occur and is subject to a full annual review.

2.19 The Trust has a Related Party Transactions Policy and all those responsible for authorising orders or expenditure must ensure that they comply with the requirements of this policy.

#### 2.20 **Register of Gifts & Hospitality**

The Trust has in place a detailed Gifts & Hospitality Policy and all staff are

required to register any Gifts or Hospitality in accordance with the requirements of this policy.

### **3.0 Accounting system**

- 3.1 All the financial transactions of the Trust must be recorded on the Trust's Financial System. The Accounting system is operated with remote access by members of staff across the Trust. Payroll is administered by the selected contractor in accordance with the terms of a Service Level Agreement.

#### **System Access**

- 3.2 Entry to the Trust's accounting software is password restricted and the Director of Finance is responsible for implementing a system which ensures that passwords are changed at appropriate periodic intervals.
- 3.3 Access to the component parts of the Trust's finance system can be suitably restricted. The Director of Finance sets appropriate access levels for all members of staff using the system.

#### **Back-up Procedures**

- 3.4 The Director of Finance is responsible for ensuring that there are effective back up procedures for the finance system. This requirement is met through the resilient cloud-based record-keeping system provided by the Trust's accounting software.
- 3.5 The Director of Finance is responsible, in liaison with the Director of Operations, for preparing a Trust level Business Continuity Plan to mitigate the consequences of unforeseen events. This links in with the risk assessment processes and register overseen by the Audit & Risk Committee. The risk analysis identifies and quantifies the risks to which the Trust is exposed and the strategy that has been adopted to terminate, treat, tolerate or transfer those risks.

#### **Transaction Processing**

- 3.6 All transactions inputted to the accounting system must be authorised in accordance with the procedures specified in these regulations.
- 3.7 All journal transfers must be recorded in the journal file and authorised by either the Finance Lead (if processed by Financer Officer) or Headteacher (if processed by the Finance Lead). Bank transactions inputted by school finance teams should be checked and reconciled by each school's Finance Lead whilst carrying out the monthly reconciliation and signed off monthly by the Headteacher.
- 3.8 Detailed information on the operation of the finance system can be found in the Trust Financial Software user manuals held electronically or in the Finance Office of each school. If a query cannot be resolved with reference to the user manual, the system helpdesk can be contacted directly.

#### **Transaction Reports**

- 3.9 The Director of Finance will obtain and review system reports to ensure that

transactions are posted correctly to the accounting system. The reports reviewed will include:

- Audit Sample Reports – review strength of audit trail supporting system entry and adjustments;
- Management Accounts – summarise income and expenditure against budget;
- Cash Flow Reports – summarise actual cash position against planned cash flow position;

### **Reconciliations**

3.10 The Director of Finance is responsible for ensuring the following are reconciled by School Finance Leads each month:-

- Purchase Ledger Control Account;
- Sales Ledger Control Account;
- Payables Control Account
- Receivables Control Account
- Bank Balances – reconcile between cash book and bank statements
- Trial Balance Reconciliation

3.11 The Director of Finance is responsible for ensuring that any unusual or long outstanding reconciling items must be brought to the attention of the Accounting Officer.

## **4.0 Financial planning**

### **Medium Term & Short Term Trust and School Level Financial Planning**

- 4.1 The Trust and each school prepares both medium term (three-year) and short term (annual) financial plans. This facilitates sustainable long-term planning through prudent use of resources. Focus upon a longer term development strategy helps to avoid short-term resource shortages where funding is uncertain.
- 4.2 Medium Term Financial Plans are prepared as part of the Trust and individual school development planning processes. The Trust Strategic Plan (TSP) and individual school medium-term plans indicate how the Trust and each school's educational and other objectives are to be achieved and how estimated resources are allocated to this end over a 3 year rolling planning period. The 3-year budget plans are considered by the Finance Committee for the Trust annually and by LGBs for their own school plans annually.
- 4.3 Short Term Financial Plans are prepared as part of the Trust and individual school development planning processes. The Trust Improvement Plan (TIP) and individual School Improvement Plans (SIPs) indicate how the Trust and each school's educational and other objectives are to be achieved and how estimated resources are allocated to this end over an annual planning period. The one-year plan is considered by the Finance Committee for the Trust annually and by LGBs for their own school plans annually.
- 4.4 The TIP/SIP provides the framework for development of the Trust and each individual school's annual budget. The budgets are detailed statements of the expected resources available to the Trust and each school and the planned utilisation of those resources during that year.
- 4.5 The development plans are concerned with the future aims and objectives of the Trust and its schools and how they are to be achieved. This includes matching the Trust's and each school's stated objectives and targets to the resources expected to be available.

### **Annual and Three-Year Budgets**

- 4.6 The Director of Finance is responsible for preparing and obtaining approval for the Trust consolidated annual budget and three-year budget by the Board of Trustees. The Trust consolidated budget is an amalgamation of each individual school budget and the central Trust budget.

The Headteacher of each school is responsible for preparing and obtaining approval for their school's annual and three-year budgets by the school's LGB.

The Director of Finance is responsible for supporting Headteachers and School Finance Leads with formulating school-level annual and three-year budgets. School budgets must be approved by the LGB, the Trust's Finance Committee and finally the Board of Trustees.

- 4.7 The Director of Finance is responsible for production of a balanced consolidated budget for the Trust (this can include drawdown of unspent funds carried forward from previous years).

- 4.8 The approved consolidated budget must be submitted to the ESFA each year in the form of a budget forecast return (in line with the format and deadline for submission specified) and the Director of Finance is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the required ESFA submission date is met.
- 4.9 In the case of a school joining the Trust and converting to academy status, in the year of conversion the final budget must be submitted to the ESFA 6 weeks after the date of conversion at individual school level.
- 4.10 The annual consolidated Trust 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 allocated.
- 4.11 The budgetary planning process at both Trust and school level will incorporate the following elements:
- Forecasts of the likely number of pupils to estimate the ESFA funding receivable;
  - Review of other income sources available and the efficacy of prevailing initiatives;
  - Review of the amount to be set aside for general Contingency/Reserves;
  - Review of previous year's performance to promote clearer understanding and control of the cost base;
  - Identification of potential efficiency savings;
  - Review of main expenditure budget headings in light of development plan objectives, ensuring clear linkages are made between stated objectives and allocated budget. Where planning objectives have additional cost implications these should be made explicit;
  - Cash Flow planning to ensure that liabilities can be met when they fall due;
  - The Trust levies an annual per-pupil charge. The fee is deducted from schools on a monthly basis. In addition to this, Schools are required to buy into key Trust service level agreements, for which charges are also deducted on a monthly basis.

### **Balancing the Budget**

- 4.12 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring developmental projects until sufficient funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

### **Finalising the Budget**

- 4.13 Once the different options and scenarios have been considered, a consolidated draft budget should be prepared by the Director of Finance for approval by the CEO, Trust Finance Committee and Board of Trustees. Later, a final budget should be approved in the same way. The final budget should be communicated to all staff with responsibility for budget headings so that everyone shares knowledge of budget capacity and constraints. The budget should be seen as a



working document which may need revising throughout the year as circumstances change.

### **Monitoring and Review**

- 4.14 Monthly management accounting reports will be prepared by the Director of Finance for the Trust and all schools within the Trust. The reports will detail actual income and expenditure against budget at a summary level for the CEO, Headteachers and School Finance Leads. Cash Flow and Balance Sheet reports are included as part of the monthly suite of reports. The Trust Finance Committee and Board will receive these management accounts reports on a monthly basis and each school's LGB will receive termly summary reports.
- 4.15 At school level, any potential variance against the budget must in the first instance be discussed between the School Finance Lead and Director of Finance. Trust finance software will flag up expenditure that exceeds the allocated budget.
- 4.16 The budget monitoring process should be effective and timely in highlighting variances in the budgets so that differences can be investigated and corrective action taken where appropriate.
- 4.17 Reports should also be produced in line with specific fund categories (e.g. Pupil Premium) where appropriate at a school level.

### **In-Year Budget Adjustments (Virements)**

- 4.18 In-year budget adjustments can be made in line with the authorisation levels set out in the Scheme of Financial Delegation. Requests should be sent to the Trust Director of Finance either for processing (If approval level is within school's delegated authority) or for submission to Trust Finance Committee where Trustee approval is required.

### **Risk Management**

- 4.19 The Audit & Risk Committee is responsible for identifying risks faced by the Trust, establishing procedures to mitigate these risks and ensuring that employees are aware of these procedures and of the implications of failing to implement them. A detailed Risk Register defines all key risks faced by the Trust and identifies appropriate controls to manage risks and allocates responsibilities against specified risks.
- 4.20 The Board of Trustees have assessed the major risks to which Partnership Learning is exposed, particularly those relating to premises, teaching, provision of facilities and other key operational areas of the Trust, notably financial controls and cash flow planning. The Trustees have implemented a number of systems to assess the risks that the Trust faces, especially in relation to operational areas (teaching, health & safety, equalities & diversity and trips) and financial control. They have introduced systems including clear operational procedures and internal financial procedures to manage risk. Where significant financial risk still remains and it is practically possible, they have ensured that they have adequate insurance cover.

### **Financial Risk Management Objectives and Policies**

- 4.21 Partnership Learning uses various financial instruments, including cash and various items such as trade creditors and trade debtors which arise directly from

daily operations. The existence of these instruments exposes the Trust to a number of financial risks described in further detail below. The main risks are liquidity risk, cash flow interest rate risk and funding risk.

### **Liquidity Risk**

- 4.22 The Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing (as this is only allowed in exceptional circumstances and prior approval from the ESFA). Surplus cash may be invested to maximise interest income, subject to the requirement to ensure the base investment is protected. Cash Flow planning is undertaken to alleviate liquidity risk.

### **Interest Rate Risk**

- 4.23 The Trust earns interest on cash deposits and the Trustees will take appropriate action to ensure they maximise income yielded from these deposits (subject to the requirement to ensure the base investment is protected).

### **Funding/Price Risk**

- 4.24 The Trust is exposed to price/funding risk particularly in terms of uncertain government funding levels, but this is in line with the sector and sensitivity analysis is undertaken to model budgets to different levels of funding.

### **Demand Risk**

- 4.25 The Trust is exposed to demand risk due to uncertain pupil recruitment. This risk is mitigated by the growing demand for school places in general. The Trustees will ensure that they cooperate fully with the local authorities in which they operate to absorb additional pupils as demographic pressures continue to grow.

## **5.0 Payroll**

The main elements of the payroll system are:

- Staff appointments and leavers
- Payroll administration
- Payments

### **Staff Appointments**

- 5.1 The Board of Trustees is responsible for approving a central staffing establishment (including pay ranges) for the Trust and each LGB is responsible for approving a staffing establishment (including pay ranges) for its school. Changes can only be made to these staffing establishments with the express approval in the first instance of the Board of Trustees for central Trust posts or the LGB at individual school level, who must ensure that adequate budgetary provision exists for any establishment changes.
- 5.2 The LGBs of individual schools have authority to appoint staff in line with the Trust's Scheme of Overall Delegation for LGBs.

At Trust level, the Director of Operations maintains HR files for all members of central Trust staff, including contracts of employment. At individual school level, School Finance Leads maintain HR files for all members of staff, including contracts of employment. The financial implications of any changes to staff contracts at school level must be reflected in an updated budget plan revised by the School Finance Lead. Every member of staff is to be issued a contract statement annually, by the Director of Operations for all members of central Trust staff and at individual school level by School Finance Leads.

### **Payroll Administration**

- 5.3 The monthly Trust payroll is administered through an SLA with an external provider. At Trust level, monthly payroll reports for central Trust staff are sent by Payroll to the Director of Operations. At individual school level, monthly payroll reports for Support Staff and Teaching Staff are sent by Payroll to the Headteacher and Finance Lead. The payroll report is reviewed for central Trust staff by the Director of Operations and signed off by the CEO and at individual school level reviewed and approved by the Headteacher and Finance Lead (where a school has dedicated HR Manager (or equivalent then they may carry out this review in lieu of the Finance Lead). The CEO for central staff and the Headteacher for each school staff group must formally approve the payroll report before payments can be made.
- 5.4 Payroll charges are debited directly to the central Trust or each school's bank account on a monthly basis. It is the responsibility of the Director of Finance to ensure that third party payables are dispatched in a timely manner. An electronic and a hard copy of Payroll reports are retained until the end of year Payroll run has been processed. A further backup is kept via a cloud based system.
- 5.5 New staff can only be added to the payroll with the express approval of the CEO for central Trust posts and the Headteacher for school-based posts, within the approved staffing establishments and notified to HR by the Director of Operations or School Finance Lead respectively. New staff must complete all relevant payroll documents issued by HR/the Trust's Human Resources provider. Failure to do this may result in non-payment of salary and, in these circumstances, the salary payment may not be made until the next

payroll run in the following month. Under exceptional circumstances, an additional payroll BACS payment can be made by Payroll with the approval of the authorised payroll signatory. However, this will incur an additional charge and so should only be done in exceptional circumstances.

- 5.6 Salary amendments can only be made with the express approval of the CEO for central Trust posts and the Headteacher for school-based posts, within the approved staffing establishments, and notified to HR by the Director of Operations or School Finance Lead respectively. A signed copy of the contract change must be retained in staff HR files at both school and central level.
- 5.7 Headteacher pay amendments: Any changes to Headteacher pay ranges are the responsibility of a school's LGB but must be formally approved by the Trust CEO. Headteacher pay amendments within the agreed pay range must be approved by the school's LGB.
- 5.8 CEO pay amendments: Any changes to CEO pay range are the responsibility of the Board of Trustees. CEO pay amendments within the agreed pay range must be approved by the Chair of Trustees.
- 5.9 Staff can only be terminated from the payroll with the express approval of the CEO for central Trust posts and the Headteacher for school-based posts, and notified to HR by the Director of Operations or School Finance Lead respectively.
- 5.10 Payment for sickness or maternity must be authorised by Director of Operations for central Trust posts and the School Finance Lead for school-based posts in line with the employment contract for the individual.
- 5.11 Where leave of absence is discretionary, payment can only be made with the express approval of the CEO for central Trust posts and the Headteacher for school-based posts and notified to HR by the Director of Operations or School Finance Lead respectively. This applies in instances of unpaid leave such as sabbaticals.
- 5.12 Staff who are paid or receive part of their payment as approved claims on submission of a time-sheet must complete and return their time-sheet to the School Finance Lead in line with published schedules. Claims cannot be submitted without the prior authorisation of the School Finance Lead. The School Finance Lead submits approved timesheets to Central HR who check and submit the summary sheet to the payroll provider and retains a copy of the electronic submission.
- 5.13 The Director of Finance is authorised by the Board of Trustees to make all mandatory changes to the payroll without further authority e.g. Tax, NI and pension contribution rates, tax code changes, tax credits etc. All such deductions should be paid to HMRC or TPS by the specified monthly deadline.

### **Payments**

- 5.14 All Salary payments are made by BACS unless cheque payment has been authorised by the Director of Operations or School Finance Lead.
- 5.15 Payslips are available electronically to paid employees as soon as these are provided by the Payroll provider.
- 5.16 The payroll provider calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, national insurance contributions and pensions. The payroll provider sets up deduction of these

payments from the school's nominated bank account.

- 5.17 After the payroll has been processed, the Director of Finance will update the nominal ledger with the payroll costs for the month. Monthly payroll reconciliation reports will be updated by the Director of Finance.
- 5.18 On an annual basis the Internal Auditors will check an appropriate sample of staff that the gross pay per the payroll system agrees to the contract of employment held on the HR file of the individual.
- 5.19 Any Special Payments, including staff severance payments, compensation payments and ex gratia payments can only be made with the approval of the Director of Operations, signed off by the CEO and within the regulations in the Academy Trust Handbook.

## 6.0 Purchasing & Procurement

6.1 The Trust strives to achieve the best Value for Money from all its purchases - to obtain what is needed in the correct quality, quantity and time at the best price possible. Purchases will be paid for with public funds and there is a need to maintain the integrity of these funds by following the general principles of:

- **Probity** – it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust;
- **Accountability** – the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness** – the Trust deal with all stakeholders and third parties in a fair and equitable manner;

The Accounting Officer is responsible for demonstrating how Value for Money has been secured via the governance statement in the end of year accounts.

In line with the requirements of the Academy Trust Handbook, Trust funds must also not be used for the purchase of alcohol - except where it is to be used in religious services.

### Routine Purchasing

6.2 Schools 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 Headteacher to inform school internal budget-holders of their allocations. It is the responsibility of the school to manage their budget and to ensure that the funds available are not overspent. A report detailing actual expenditure against budget will be supplied to each school each month and schools must keep their own records of orders placed but not paid for. This should reconcile with commitments on the purchase ledger.

6.3 A minimum of 3 written quotes must be obtained in line with the thresholds set out in the Scheme of Financial Delegation (before any order is placed). Headteachers and the School Finance Lead as appropriate should ensure that the lowest cost price is achieved, subject to appropriate quality thresholds being met. This is consistent with the objective of securing economy through procurement; obtaining resources of the right quality for the right price. Where the lowest quote is not accepted, the LGB should be formally notified at the next available LGB meeting. Written details of quotations obtained should be prepared by budget holders and attached to orders for audit purposes. Telephone quotes are acceptable if these are evidenced and emailed confirmation of quotes has been received before a purchase decision is made.

6.4 All orders must be submitted via an official purchase requisition. Purchase requisitions must be presented to the School Finance Lead by the budget holder and will be processed if there is adequate remaining budget to fund the purchase. The Headteacher and School Finance Lead will counter-sign all requisitions up to the value stipulated within the Trust Scheme of Financial Delegation. Requisitions above the school's authorisation limit must be approved by the LGB or Trust Board of Trustees within their respective delegated limits.

6.5 Countersigned requisitions are raised as official purchase orders within the finance software and allocated a unique reference number. The order is placed with the supplier by the Finance Office. A copy of the order is provided to the

budget holder and a copy retained in the Finance Office.

- 6.6 The School Finance Lead must make appropriate arrangements for the delivery of goods. On receipt, a detailed check of the goods received must be undertaken against the goods received note (GRN), making a note of any discrepancies. The GRN should be cross-checked against the original Order to ensure that all items ordered have been delivered. All checked goods are then passed to the budget holder.
- 6.7 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality this must be recorded.
- 6.8 All invoices should be sent to the School Finance Lead. The Invoice will be recorded in the purchase ledger. The following should be evidenced:
- The invoice is arithmetically correct;
  - Goods/services received;
  - Goods/services as ordered;
  - Prices correct;
  - Invoice posted to purchase ledger;
  - Invoice filed together with GRN
  - Invoice authorised for payment;
- 6.9 If a budget holder is pursuing a query with a supplier, the School Finance Lead must be informed of the query and periodically kept up to date with progress.
- 6.10 Once a month the School Finance Lead will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the Headteacher. This ensures that commitments remain accurate.
- 6.11 Details of payments to be made will be inputted to the purchase ledger and generate BACS payments or print a cheque to be dispatched. BACS payment is the preferred method of payment for the Trust where possible. The BACS payments or cheques must be signed by two of the nominated signatories, in line with the Trust Scheme of Financial Delegation. This ensures that adequate segregation of duty is achieved.
- 6.12 Cheques will be posted to suppliers. BACS payments will be notified to suppliers via email remittance.
- 6.13 Non-order purchases and invoice payments must have the prior approval of the Headteacher or School Finance Lead. Non-order purchases must be kept to an absolute minimum and should only take place if it is absolutely necessary.

#### **Orders over £100,000**

- 6.14 All goods/services ordered with a value over £100,000 must be subject to formal tendering procedures. Contracts/purchases which are expected to exceed (in value) the UK government procurement threshold for state funded education bodies will be required to make use of the government Find a Tender Service (FTS) and comply with all associated requirements. Ordering goods which may potentially be over £100,000 must be discussed with the Director of Operations prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

## Forms of Tenders

- 6.15 There are three forms of tender procedure: open, restricted and negotiated and the guidance for circumstances in which each procedure should be used are described below. The budget holder must discuss and agree with the Director of Operations which form of tender is appropriate.
- **1/ Open Tender** – Where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Director of Operations how to most effectively advertise for prospective suppliers (general press, journals or to identify suppliers and contact them directly). This is the preferred method of tendering as it is transparent, conducive to competition and propriety of public funds.
  - **2/ Restricted Tender** – Suppliers are specifically invited to tender. This method is appropriate when:
    - There's a need to maintain a balance between contract value and the administrative costs of tendering;
    - A large number of suppliers would be forthcoming or because the specialist nature of the required goods are such that only a small selection of known suppliers could meet the Trust's requirements;
    - Costs of advertising tender outweigh the benefits of an open tendering process.
  - **3/ Negotiated Tender** – Terms of the contract may be negotiated with one or more chosen suppliers. May be appropriate in specific circumstances:
    - Method 1 & 2 have resulted in no acceptable tenders;
    - Only 1 or very few suppliers are available;
    - Extreme urgency of demand;
    - Additional deliveries by an existing supplier are justified by discounts;

## Preparation for Tender

- 6.16 Full consideration must be given to:
- Overriding objective of the project;
  - Use of existing public sector procurement frameworks;
  - Overall requirements of tender;
  - Technical skills required to supply goods and review success of process;
  - After sales service requirements;
  - Form of contract: *Lease or Buy*
- 6.17 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 satisfaction of these requirements to help reach an overall decision.

## Invitation to Tender

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



6.19 An invitation to tender should include the following:

- Introduction/background to the project;
- Scope and objectives of the project;
- Technical requirements;
- Implementation timescale of the project;
- Clear terms and conditions of tender;
- Appropriate form of response;

### **Aspects to Consider**

#### ***Financial***

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision;
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or variable costs. This will be evident from terms and conditions of supply;
- Is there scope for negotiation? Can discounts be achieved with bulk purchasing or consortia procurement?

#### ***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 (professionalism & trust)
- After sales service
- Financial Health of Supplier. Avoid suppliers in financial difficulty.

### **Tender Acceptance Procedures**

6.20 The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted and any reason for accepting them should be recorded.

### **Tender Opening Procedures**

6.21 All tenders submitted should be opened at the same time and the tender details should be recorded. At least two persons should be present for the opening of tenders, with one of them being either the Headteacher (for schools) or the Director of Finance or Director of Operations (for the Central Trust).

6.22 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be

signed by all people present at the tender opening.

### **Tendering Procedures**

- 6.23 The evaluation process should involve at least two people, one of whom should be the Headteacher or School Finance Lead. 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.
- 6.24 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.
- 6.25 Full records should be kept of all criteria used for evaluation of contracts over £100,000 but under the UK government procurement threshold and a report should be prepared for the LGB highlighting the relevant issues and recommending a decision.
- 6.26 Where required by the conditions attached to a specific grant from the ESFA, the department's approval must be sought before acceptance of the tender.
- 6.27 The accepted tender should be the one that achieves the highest value for money score, securing economy, efficiency and effectiveness. All parties should be informed of the decision.

### **Leases**

- 6.28 There are two types of lease:
- Operating Leases (these do not represent borrowing)
  - Finance Leases (these are a form of borrowing)
- 6.29 For the following leasing transactions initial approval is required from Board of Trustees who must then seek ESFA approval:
- Taking up a finance leases on any class of asset (as this constitutes borrowing)
  - Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- 6.30 No approval is required for operating leases, however any such arrangements should maintain the principals of value for money, regularity and propriety. Any such agreements entered into at school level must be approved in line with the Trust Scheme of Financial Delegation (taking into account the cost of the lease over its full life).
- 6.31 If there is any doubt as to whether a lease involves an element of borrowing (and hence is a finance lease) then it should be referred to the Director of Finance in order for further advice to be sought as appropriate.

## **7.0 Income**

7.1 The main sources of income for the Trust are the grants from the ESFA. The receipt of these sums is monitored directly by the Director of Finance, who is responsible for ensuring that all grants due to the Trust are collected.

7.2 The Trust also obtains income from:

- Parents – Trips, School Dinners and Uniform;
- Staff Sharing with partner schools;
- Donations;
- Grants;
- Lettings

### **Trips**

7.3 A lead teacher must be appointed by each school for each trip to take overall responsibility for the trip. 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 given to the School Finance Office so that they can institute the necessary processes for collecting these parental contributions.

### **Grants**

7.4 All Grant funded income should be strictly notified to the School Finance Lead by the project lead prior to the receipt of any grants. The project lead is responsible for supplying all grants terms and conditions and monies are to be spent within the specific parameters. The School Finance Lead, together with project leads are responsible for submitting grant returns to the appropriate authorities. Grant income must be recorded under unrestricted funds and, if necessary, a separate bank account be set up for this purpose.

### **Leisure Centre Lettings**

7.5 Leisure Centre Managers are responsible for maintaining records of bookings of sports facilities and for identifying sums of money due from each customer. The School Finance Lead works together with the Leisure Centre Manager to ensure that sales invoices are issued via Trust Financial Software. Invoices are produced monthly in advance. Lettings are made exclusively to community groups for a community benefit. Lettings must be for a minimum period of 10 weeks with no longer than a 2 week gap throughout the duration of the letting agreement.

### **Other Income**

7.6 Students should make payments directly to the school using electronic payment methods wherever possible, or using cash under exceptional circumstances. 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. A weekly income record is retained in the school office. At the end of each week all cash is reconciled with takings and counter-signed by the Finance Office and School Finance Lead.

7.7 The Finance Office should maintain an up to date record for each student showing the amount paid and the amount outstanding for specific items.

## **Receipts**

- 7.8 Official, pre-numbered receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be retained in the finance office safe prior to banking. Banking should take place at a minimum of every fortnight and the sum of money retained in the safe must not exceed the insurable limits.

## **Banking**

- 7.9 Monies collected must be banked in their entirety in the nominated bank account. The School Finance Lead is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared monthly and be certified by the Headteacher. All cash and cheques must be kept in a safe prior to banking. The maximum amount of money to be retained in the safe overnight must not exceed the insurable limits.

## **Online Income Collection Processes**

- 7.10 Schools may use online income collection systems (such as ParentPay) as a means of collecting and managing income in relation to Catering, Trips and other appropriate parental/pupil contributions.
- 7.11 Appropriate limits should be put in place to ensure that significant deficit balances cannot accrue on student accounts. The School Finance Lead is responsible for ensuring that accounts are reviewed on a regular basis to identify any deficits that do arise and implement processes to recover these.
- 7.12 Income collection reports and corresponding administration charge invoices should be reviewed and the necessary transactions processed into the financial system on at least a monthly basis.

## **Bad Debts, Write-offs & Liabilities**

- 7.13 The Trust may perform the following financial transactions up to the limits set out by the ESFA in the Academy Trust Handbook:
- writing off debts and losses
  - entering into guarantees or letters of comfort
  - entering into indemnities which are not on the normal course of business
- 7.14 The delegated limits (subject to a maximum of £250,000) are as follows:
- £45,000 or 1% of total income (whichever is smaller) per single transaction.
  - Cumulatively, 5% of total annual income in any one financial year per category of transaction
- 7.15 The following should be considered in relation to these limits:
- The Trust should always pursue recovery of amounts owed to it, including overpayments, or erroneous payments. In practice, however, there will be practical and legal limits to how cases should be handled.

- The Trust should only consider writing-off losses after careful appraisal, including whether all reasonable recovery action has been taken with the debtor, the trust's insurers, or the risk protection arrangement, and should be satisfied there is no feasible alternative.
- The amounts for write-offs are before successful claims from an insurer or the risk protection arrangement
- total annual income is defined as grant income as disclosed in the trust's last audited accounts

7.16 The limit for individual schools will be set in the Trust Scheme of Financial Delegation.

## **8.0 Cash Management**

### **Bank Accounts**

- 8.1 On joining the Trust schools have a current account set up for them with Lloyds Bank. The current account is used for all restricted and appropriate unrestricted activities, with the latter being clearly identified as use of unrestricted funds through appropriate account codes. In exceptional circumstances schools may also open additional bank accounts for specific purposes to clearly distinguish between different sources of funding, but any such additional accounts must be discussed with and agreed by the Director of Finance prior to opening.
- 8.2 The opening of all bank accounts must be approved initially by the Accounting Officer and ratified at the next meeting of the Board of Trustees, following recommendation by the Finance Committee.
- 8.3 Schools may also have a Lloyds Bank purchase card for use in line with the guidance below.

### **Bank Account Records**

- 8.4 The Trust maintains a record of each school's bank accounts, providing the details below for each account:
- Sort Code:
  - Account Number:
  - Account signatories:

### **Deposits**

- 8.5 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;
  - A clear reference, such as the receipt number, or the name of the debtor;
  - A completed paying in template;

### **Payments and withdrawals**

- 8.6 All electronic payments authorising withdrawal from Trust and school bank accounts must be approved by 2 authorised signatories using the Lloyds online banking system, in line with requirements in the Trust Scheme of Financial Delegation.

All cheques and other non-electronic instruments authorising withdrawal from Trust and school bank accounts must bear the signatures of 2 authorised signatories, in line with requirements in the Trust Scheme of Financial Delegation. Both signatories must sign the system cheque-run report to ensure that all cheques are accounted for.

- 8.7 Payments can only be made within the limits set in the Scheme of Financial Delegation, following the required approvals.
- 8.8 Signatories may not sign a cheque or approve a payment reimbursing their own expenses.

## **Administration**

- 8.9 The School Finance Lead must ensure that bank statements are received regularly and filed sequentially in a dedicated file. The School Finance Lead is responsible for undertaking bank reconciliations at least on a monthly basis. Reconciliation procedures must ensure that:
- School Finance Lead is responsible for ensuring that reconciliations are carried out;
  - All bank accounts are reconciled to the cash book;
  - Reconciliations are subject to a monthly review and sign off by the Headteacher;
  - Adjustments arising are dealt with promptly;
  - Due consideration is given to the school's cash flow position to mitigate the risk of a deficit position.

## **Trust or School Charge Card**

- 8.10 The Trust and Schools may use a charge card in line with current Trust regulations, including the requirement to automatically clear the balance monthly. The Trust maintains a list of Charge Cards, including:
- Card holder's name(s)
  - Card Limit
- 8.11 This card is only to be used when cheque or BACS payment is not possible. It may also be used when a discount can be obtained from using a non-listed supplier.
- 8.12 Original receipts must be retained and matched to monthly statements. This should clearly identify gross cost and VAT separately where appropriate.
- 8.13 School purchase card expenditure should be approved by the Headteacher, unless it is the Headteacher's card in which case it should be approved by the Chair of the Local Governing Board.
- 8.14 Central Trust purchase card expenditure should be approved by the CEO, unless it is the CEO's card in which it should be approved by the Chair of Trustees.

## **Petty Cash Accounts**

- 8.15 The Trust's preference is for schools to operate on a cashless basis. If a school has a specific need for the use of cash in limited circumstances, it may maintain a maximum petty cash balance of £1,000. Petty Cash payments should not exceed £50 and must be approved in line with the Trust's regulations.
- 8.16 The Finance Office overseen by the School Finance Lead is responsible for entering all transactions into the petty cash records on a regular basis.
- 8.17 The School Finance Lead will review and allocate all petty cash expenditure onto the finance system on a monthly basis. In the event of a discrepancy, any difference will be investigated and promptly resolved.
- 8.18 Petty cash should be held in a locking cash box, which is put in a safe overnight.

### **Cash Flow Forecasts**

- 8.19 The School Finance Lead is responsible for preparing cash flow forecasts to ensure that the school has sufficient funds available to pay for day to day operations.
- 8.20 The School Finance Lead will review Cash Flow reports with the Director of Finance on a monthly basis. This should aid and improve business planning and resource management. A consolidated annual Trust cash flow forecast is presented to the Finance Committee for review on an annual basis.

### **Investments & Reserves Policy**

- 8.21 The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investments are such that there is no risk to the loss of these cash funds. Security of funds should take precedence over revenue maximisation.
- 8.22 Investments may only be made at Central Trust level, not by individual schools, and in line with the Investment Policy agreed by Trustees.
- 8.23 Investment objectives and the process for managing investments are set out in the separate Investment Policy agreed by Trustees.
- 8.24 The Trust recommends, where practicable, that each school operates an annual budget with contingency/reserves of a minimum of 3% and a maximum 5% of annual income. If a school exceeds (or plans to exceed) this threshold then they will need to provide a suitable justification (e.g. saving for a Capital project) with corresponding timeframes as to when these funds will be spent.



## 9.0 Fixed assets

### Fixed Asset Register

9.1 All items with a value over the Trust's capitalisation limit of £10,000 and with an expected useful economic life of more than one accounting period must be entered in the fixed asset register. The asset register must include the following information:

- Asset description;
- Asset number;
- Serial number (if available)
- Date of acquisition;
- Asset cost;
- Source of funding (% of original cost funded from ESFA and % funded from other sources);
- Expected useful economic life (UEL);
- Depreciation methodology (straight line or reducing balance method);
- Current book value;
- Location of asset;
- Name of staff member responsible for asset;

An electronic copy should be maintained and updated by the responsible person at each site and a consolidated register retained by the Trust.

9.2 The Asset Register helps to:

- Provide assurance of compliance with IAS 16 – Property, Plant & Equipment;
- Ensure that staff take responsibility for custody of assets;
- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- Manage the effective utilisation of assets and to accurately plan for their replacement;
- Help external auditors to draw conclusions on the annual accounts and the Trust's financial system;
- Support insurance claims in the event of fire, theft, vandalism or other disasters;

9.3 Current Assets and Stock are excluded from the register. Current Assets include stock, debtors, bank and cash balances, which are controlled through reconciliations to control accounts on a regular basis. Stock is valued at the lower of cost or net realisable value, complying with ***International Accounting Standard 2***.

9.4 Appropriate accounting transactions are processed for all capitalised assets and recorded on the register. Transactions will be recorded within the Fixed Asset Fund account in addition to the transaction on the balance sheet.

## Depreciation

9.5 Depreciation on assets is as follows:-

<b>Asset Group</b>	<b>Depreciation Method</b>
Freehold Land & Buildings (Buildings only)	2% (50 yrs) Straight Line
Leasehold Buildings	2% (50 yrs) Straight Line
Leasehold Land	Over 125 years Straight Line
Plant & Machinery	20% (5 yrs) Straight Line with nil residual value
Furniture & Equipment	10% (10 yrs) Straight Line with nil residual value
Computer Equipment & Software	33% (3 yrs) Straight Line with nil residual value
Motor Vehicles/Minibuses	20% (5 yrs) straight Line with nil residual value
Assets Under Construction	These are not depreciated until the asset is brought into use

## Security of assets

- 9.6 Equipment must be secured by means of physical and other security devices. All moveable assets must be stored in a secure location overnight.
- 9.7 All the items in the Fixed Asset Register should be permanently and visibly marked as the Trust's property and there should be regular (at least annual) count by someone other than the person principally responsible for maintaining the register.
- 9.8 Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the LGB. Any discrepancy over the value of £500 will be reported to the Finance Committee.
- 9.9 Inventories of Trust property should be kept up to date and reviewed regularly through spot checks by the School Finance Lead or Director of Finance. Where items are used by the Trust but do not belong to the Trust, it should be clearly noted. For insurance purposes it is important that all items (even those not included on the Fixed Asset Register) should be recorded.

## Disposals

- 9.10 Asset items which are to be disposed of by sale or destruction must be authorised for disposal according to the Trust Financial Scheme of Delegation.
- 9.11 Disposal of equipment to staff is discouraged and any such disposals must be limited to items valued at no more than £100 and be accompanied by evidence that the Trust achieved value for money.
- 9.12 All disposals of assets are recorded in the fixed asset register and the appropriate transactions reflected in the Capital Account. If the disposal proceeds exceed the net book value of the asset, the proceeds will be reported

as a profit on disposal of assets and transferred to the Capital Account.

- 9.13 The Trust is expected to reinvest the proceeds from all asset sales for which capital grant funding was received. If the sale proceeds are not reinvested, the Trust must repay to the ESFA a proportion of the sales proceeds.
- 9.14 All disposals of land, buildings and heritage assets must be agreed in advance with the Secretary of State.

#### **Gifted Assets**

- 9.15 Gifted Assets on conversion should be recorded at 'fair value' on the balance sheet and subject to the same depreciation as detailed above.
- 9.16 Gifted Assets will be entered on the Fixed Asset Register. Members of staff are required to notify their School Finance Lead of any donated items received, to enable entry on the Fixed Asset Register or Equipment Inventory.

#### **Loan of Assets**

- 9.17 Items of school property must not be removed from school premises without the authority of the Headteacher, except where equipment is provided specifically for that purpose e.g. a laptop for remote working. A record of the loan must be recorded on a loan of equipment form and booked back into the school when it is returned.
- 9.18 The Headteacher will be asked for a copy of a loan of equipment form, should an item of equipment be missing when a fixed asset audit is undertaken.
- 9.19 If assets are on loan for extended periods or to a single member of staff on a regular basis, the situation may give rise to a 'benefit in kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's Director of Finance.

#### **VAT Procedures**

- 9.20 Partnership Learning is not currently registered for VAT. This situation is kept under constant review by monitoring the level of business income the Trust receives. The Trust 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.
- 9.21 VAT is reclaimed on a monthly basis with claims to be submitted by the of the next month
- 9.22 A report is run for each of the Schools in the Trust by the Director of Finance for the relevant financial period on the financial management system, to provide the data necessary for the completion of the reclaim form. It is essential, however, that this report is checked and that any necessary adjustments are made prior to submission. The data from the report, both from the cash book and the purchase ledger, is exported to an excel file where the following adjustments are made:
- 9.23 Any invoices for which VAT cannot be reclaimed as the purchases were for business activity are identified and deleted. A journal is done to transfer the expenditure from the VAT Control Account back to the relevant expenditure nominal ledger code.
- 9.24 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 done on the financial management system to transfer the VAT not being reclaimed from HMRC from the VAT control account back to the relevant expenditure nominal ledger code.

- 9.25 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.
- 9.26 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 financial management system. The Director of Finance checks the reconciliation and signs that this has been done.
- 9.27 The spreadsheet is organised into the format required for HMRC Form 126, printed and attached to the completed form, which is signed by the Director of Finance prior to submission to HMRC.
- 9.28 A covering letter explaining the adjustments that have been made is sent to HMRC with the form.
- 9.29 On receipt of the reclaimed VAT from HMRC the Director of Finance reviews the remittance, confirms this equals the claim made and signs the remittance to confirm agreement.

## 10.0 Statement of Accounting Policies

The Board of Trustees approves this Statement of Accounting Policies for inclusion in the Annual Accounts:-

### Basis of Preparation

- 10.1 The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission's '**Statement of Recommended Practice: Accounting and Reporting by Charities**' (Charities SORP 2005'), the **Schools Accounts Direction** issued by the Education and Skills Funding Agency and the **Companies Act 2006** schedule 4 part 1. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.
- 10.2 The financial statements are prepared under the historic cost convention and in accordance with prevailing accounting standards.

### Going Concern

- 10.3 The Board of Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Board of Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

### Incoming Resources

- 10.4 All incoming resources are recognised when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants Receivable:**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

- **Sponsorship Income:**

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period it is receivable, where there is absolute certainty of receipt.

- **Donations:**

Donations are recognised on an accruals basis, where there is absolute certainty of receipt and the amount can be reliably measured.

- **Interest Receivable:**

Interest Receivable is included in the statement of financial activities on a receivable basis.

- **Other Income:**

Other income, including the hire/letting of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or upon completion of service.

### **Donated Services and gifts in kind**

- 10.5 The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured.
- 10.6 An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Trust 's policies.

### **Resources Expended**

- 10.7 All expenditure is recognised in the period in which a liability is incurred and is reported excluding VAT, which is a recoverable cost. In accordance with the Charities SORP, expenditure has been classified under headings that aggregate all costs related to that category.

### **Allocation of Costs**

- 10.8 Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs. All resources expended should be reported excluding VAT, as VAT is recoverable from HMRC.

- **Costs of Generating Funds:**

These are costs incurred in attracting voluntary Income, and those incurred in trading activities that raise funds.

- **Charitable Activities:**

These are costs incurred on the Trust educational operations.

- **Governance Costs:**

These include costs attributable to the Trust compliance with constitutional and statutory requirements; including audit; strategic management; LGBs' meetings and reimbursement of costs directly attributable to governance activities.

### **Fund Accounting**

- 10.9 **General Funds** represent those resources which may be used towards meeting any of the objectives of the Trust at the discretion of the Trustees.
- 10.10 **Restricted Funds** comprise grants from the ESFA and other donors which are to be used for the specific purposes stipulated by the contract of funding. This fund includes private sponsorship, accumulated interest and lettings income, which can be employed at the discretion of the Trust.
- 10.11 The **General Annual Grant (GAG)** is a restricted fund that must be used for normal running costs of the Trust.

### **Tangible Fixed Assets**

- 10.12 Assets costing £10,000 or more acquired since the establishment of the Trust are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

- 10.13 Assets costing less than £10,000 are written off in the year of acquisition, unless a decision is made to capitalise the asset.
- 10.14 Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy
- 10.15 Depreciation is provided on all tangible fixed assets other than land, at rates calculated to reflect the consumption of economic benefits of an asset over its expected useful lives. (See Fixed Asset Policy for Table of Depreciation)

### **Impairments**

- 10.16 A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities as appropriate.

### **Leased Assets**

- 10.17 Rentals under Finance Leases are charged in the statement of financial activities on a sum of digits method over the lease term, splitting outstanding liability between current and non-current liabilities. Operating Leases are reported fully as operating costs in the statement of financial activities as the risks associated with the asset do not substantially transfer to the lessee.

### **Stock**

- 10.18 Unused uniform and resource stocks are valued at the lower of cost or net realisable value, complying with *International Accounting Standard 2 (IAS2)*.

### **Taxation**

- 10.19 The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **Pensions Benefits**

- 10.20 Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Trust. Pension liability is reported in the Annual Accounts in line with IAS19, however any pension asset will not be recognised.

### **Teachers' Pension Scheme (TPS)**

- 10.21 Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the TPS. The TPS, a statutory, contributory final salary pension scheme is administered by Capita Teachers' Pensions on behalf of the DFE. As the Trust is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Trust has invoked the exemption in ***Financial Reporting Standard (FRS) 102*** and has accounted for its contributions to the scheme as if was a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Trust in the year.

### **Local Government Pension Scheme**

- 10.22 Non-teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Trust's share of assets and liabilities and the requirements of ***FRS102 – Accounting for defined benefit pension schemes –*** have been followed.
- 10.23 The LGPS is a funded scheme and the assets are held separately from the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amount charged to operating surplus and the current service costs and gain and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until the vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately as other gains and losses.
- 10.24 LGPS contributions and administration remains unchanged. Contributions to the LGPS are paid out of the Trust's bank accounts on a monthly basis. If at the start of a period the amount is yet to be paid it is reported in the accounted as a current liability.
- 10.25 As a 'scheduled body', the Trust is a separate scheme employer under the LGPS. Following actuarial calculation, the Trust is set a unique contribution rate. This rate is calculated on the basis of the Trust's staff profile and an independent actuary can be used to provide an independent assessment. If there is a deficit on the pension fund, the Charities Commission SORP stipulates that this should be reported as a liability in the balance sheet. If the deficit exceeds the total asset value of the school this does not imply insolvency.



## **ANNEX 1**

### **PARTNERSHIP LEARNING Charging & Remissions Policy**

#### **1 Introduction**

- 1.1 The Board of Trustees recognise the valuable contribution that the wide range of additional activities – including clubs, out of school trips, residential visits and experiences of other environments – make towards students' all round educational experience and their personal and social development.

#### **2 Charging**

- 2.1 The Board of Trustees reserves the right for schools to make a charge in the following circumstances:
- I. Trips and residential visits: all costs;
  - II. Activities outside of school hours;
  - III. Lettings to community groups where a clear community benefit is achieved;
- 2.2 Within each school's budget a sum of money may be earmarked to subsidise the cost of school visits. This is at the discretion of the Local Governing Board. The balance of income and expenditure pertaining to school visits will be reported in a memorandum account. However, it should be noted that no activities other than school visits should be undertaken at a loss to any individual school.

#### **3 Remissions**

- 3.1 The Local Governing Boards may remit charges in full or in part to parents after considering specific hardship cases. The LGB invites parents to apply, in the strictest confidence, for the remission of charges in part or in full. The Headteacher will authorise remission in consultation with the Chair of the LGB.

#### **4 Insurance**

- 4.1 Any insurance costs will be included in charges made for trips or activities.

#### **5 Voluntary contributions**

- 5.1 Nothing in this policy statement precludes the Local Governing Boards from inviting parents to make voluntary contributions. The LGB should make clear that such contributions are voluntary. Children of parents who do not contribute will not be discriminated against, and that if insufficient contributions are received the trip may be cancelled.

#### **6 Monitoring, Evaluation and Review**

- 6.1 The Board of Trustees will review this policy annually and assess its implementation and effectiveness. The policy will be promoted and implemented throughout the Trust.