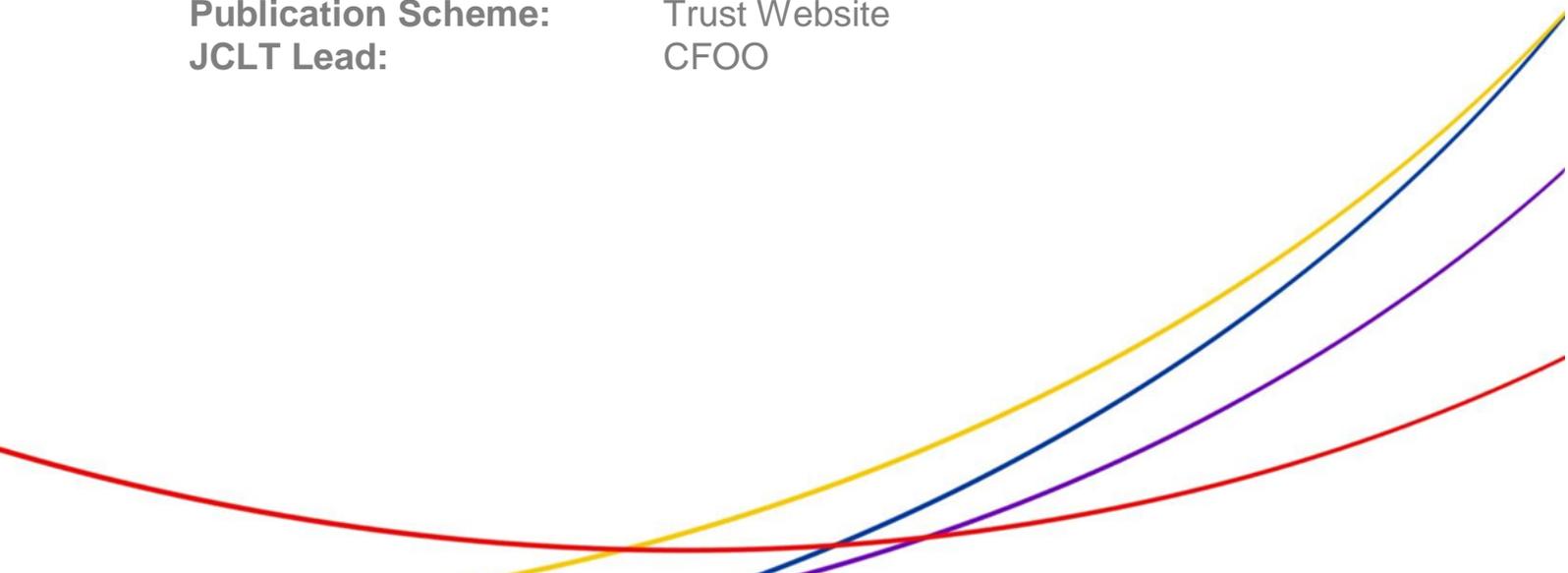




**JAMES COOK  
LEARNING TRUST**

# **Financial Regulations Manual**

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## 1. Introduction

The purpose of this manual is to ensure James Cook Learning 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 Education Funding Agency (ESFA).

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook (AFH). 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.

This manual serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual. This policy will be regularly reviewed and any changes must be approved by Trustees. This policy applies to the Trust and to all individual academies. Instances of non-compliance with this policy will be reviewed by the Chief Financial Officer and may be reported to the Board.

This Policy should be read in conjunction with the following policies:

- Staff Expenses Policy
- Allowances for Members, Trustees and Local Governors
- Treasury Management Policy
- Whistleblowing
- Gifts, Hospitality, Fraud and Anti-Bribery Policy
- Reserves Policy (within the Trustees Annual Report)
- Purchasing Card Policy

## 2. Organisation and Financial Responsibilities

The Trust has defined the responsibilities of each person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees and staff. The key financial responsibilities within the Trust are outlined below.

### 2.1 The Board of Trustees

The Board of Trustees has overall responsibility for the administration of the Trust's finances. The Board is responsible for managing the financial affairs to ensure regularity, propriety and value for money, and for ensuring that the Trust's funds are used in accordance with charity law, company law and the funding agreement. The Trustees are held to account by the Secretary of State.

The Trust Board delegates certain powers, which are detailed in the Trust's Scheme of Delegation and Committee Terms of Reference. The Scheme of Delegation and committee terms of reference are reviewed and approved by the Trust Board on an annual basis.

## **2.2 The Finance, Audit and Resources Committee**

The Finance, Audit and Resources Committee is a committee of the Board of Trustees meeting at least once a term.

The Trust Board has delegated responsibility to the Finance, Audit and Resources Committee to:

- support and advise the JCLT Board in ensuring the financial viability of the Trust.
- ensure the effective use of resources across the Trust and Academies.
- direct the trust's programme of internal scrutiny and report to the board on the adequacy of the trust's financial and other controls and management of risks.
- compliance with the Academies Financial Handbook and other regulatory requirements.

The responsibilities of the committee are detailed further in written committee's terms of reference, which have been authorised by the Board of Trustees.

## **2.3 Internal Scrutiny**

The Finance, Audit and Resource Committee must direct a programme of internal scrutiny and consider the results and quality of any external audit.

To support them in this role the Committee has commissioned a programme of internal assurance testing to be carried out by Clive Owen LLP. The Committee receives internal assurance reports after audit testing throughout the year

The aim is to provide the Trust Board with independent assurance that:

- the financial responsibilities of the governing body are being properly discharged
- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained
- financial considerations are fully taken into account in reaching decisions

## **2.4 The Accounting Officer**

The Trust have appointed the Chief Executive Officer as the Accounting Officer. The accounting officer role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to ESFA's accounting officer, for the trust's financial resources.

Accounting officers must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety and value for money.

Accounting officers must adhere to The 7 principles of public life.

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

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

The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts. The accounting officer must also demonstrate how the trust has secured value for money via the governance statement in the audited accounts.

The accounting officer must take personal responsibility (which must not be delegated) for assuring the board that there is compliance with the funding agreement and Academies Financial Handbook.

The accounting officer must advise the board in writing if action it is considering is incompatible with the articles, funding agreement or handbook.

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

## **2.5 Local Governing Bodies (LGBs)**

The financial responsibility of each academy's LGB is detailed in the Scheme of Delegation.

Key financial responsibilities include:

- approving expenditure between £10,000 and £20,000,
- receiving budget monitoring information on a termly basis and
- reviewing and recommending the annual budget to the Trust Board.

## **2.6 The Chief Finance and Operations Officer (CFOO)**

The board has appointed a chief financial officer (CFOO), who is the trust's finance director, business manager or equivalent, to whom responsibility for the trust's detailed financial procedures is delegated. The CFOO should play both a technical and leadership role.

The main responsibilities of the Chief Financial Officer (CFOO) are:

- the establishment and operation of a suitable accounting system;
- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees;
- implementation and operation of rigorous and robust audits and control;

- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- the preparation of monthly and annual management accounts.

The CFOO need not discharge all their duties personally. The trust may employ additional staff or contractors with the relevant skills and knowledge at the appropriate time.

## **2.7 Other Members of Staff**

Other members of staff, primarily Head Teachers, the School Business Manager (SBM), and administrators, will have some financial responsibilities and these are detailed in subsequent sections of this manual. All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

## **3. Register of Interests and Related Parties**

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, Local Governors, senior leaders and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection and this information is published in the Trust website.

The register should include all business interests such as Trusteeships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Trust. Close family relationships within the Trust must also be declared in line with the Academies Financial Handbook.

The existence of a register of business interests does not detract from the duties of Trustees and staff to declare interests whenever they are relevant to matters being discussed at a committee meeting and is a standard item on every agenda. Where an interest has been declared, Trustees and staff should not attend that part of any committee meeting.

Related Party transactions will only be entered within the limits outlined in the AFH and will be subject to prior approval by the Board.

## **4. Financial Planning**

The Trust prepares both medium term and short-term financial plans. Medium term is defined as a three-year period.

Financial plans are prepared and monitored to ensure that the trust remains a going concern and financially sustainable. As part of the management of trust funds, the Trust Board has developed a reserves policy.

## 4.1 The Financial Planning Cycle

The cycle is as follows:

- Autumn term (Sept – Dec)
  - Implementation of submitted budget plan
  - Flex-budgeting based on subsequent information such as Teachers' Pay, Pupil number etc.
  - Monitoring expenditure (continuous-monthly)
  - Monitoring income (continuous – monthly, with emphasis on pupil numbers)
  - Reconciliation and closure of previous financial year
- Spring term (Jan – Mar)
  - Monitoring and Reviewing of year's budget
  - Monitoring expenditure (continuous-monthly)
  - Monitoring income (continuous – monthly, with emphasis on pupil numbers)
  - Preparation of BFRO return
  - Pre-planning new financial year
- Summer term (Apr – Aug)
  - Submission of BFRO return
  - Planning for forthcoming year and longer-term planning
  - Preparation and submission of financial budget plan
  - Review of current year's budget
  - Monitoring expenditure (continuous-monthly)
  - Monitoring income (continuous – monthly, with emphasis on pupil numbers)
  - Preparation for Year End and Audit

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

## 4.2 Budget

The Chief Finance and Operations Officer (CFOO) is responsible for preparing and obtaining approval for the annual budget. Individual academy budgets will be prepared by the CFOO in conjunction with the Head Teacher. Each academy's budget will be reviewed by its Local Governing Body, who are required to recommend the budget to the Trust Board. The consolidated Trust budget will be reviewed by the Finance, Audit and Resources committee. On completion of the review process by the Finance, Audit and Resource committee, the budget must be recommended to the Trust Board for approval.

The CFOO is responsible for establishing a timetable that allows sufficient time for the approval process and ensures that the ESFA requirements regarding budget returns submission (by 31<sup>st</sup> July) can be met.

The annual budget will reflect the best estimate of the resources available to the academy for the

forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of General Annual Grant
- latest estimate of other ESFA funding e.g. pupil premium or other specific funds
- review of other income sources available to the academy to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the academy cost
- identification of potential efficiency savings
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
- all carry forward balances
- any unspent grants from the previous financial year
- any funds held in Trust

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

The approved budget will be entered onto the finance system at the start of the new financial year.

### **4.3 Virements**

The CFOO is given delegated power to vire from one budget to another up to £5,000.

All virements exceeding £5,000 shall require prior approval from the Finance, Audit and Resource Committee.

### **4.4 Budget Monitoring and Review**

Monthly management accounts are prepared by the CFOO. The reports include:

- actual income and expenditure against budget (shown as month to date and cumulatively)
- balance sheet
- cash flow statement and forecast

The monitoring process should be effective and timely in highlighting variances in the budget so that difference can be investigated and action taken where appropriate.

The monthly management accounts will be circulated all Trustees and Headteachers.

Trustees will consider the management accounts at each Board meeting

#### **4.5 Budget Forecast Return (Forecast to August for the Current Financial Year)**

The CFOO is responsible for preparing and obtaining approval from the Trust Board for the Budget Forecast Return: Outturn.

The Budget Forecast Return: Outturn must be submitted to the ESFA by the 31 May.

#### **4.6 Annual Accounts**

The academy trust must prepare annual audited financial statements for the accounting period to 31 August.

The accounts are outsourced to the Trust's auditors for preparation.

The accounts are then submitted as follows:

- by 31 December – to ESFA
- by 31 January – published on Trust website
- by 31 May – to Companies House

#### **4.7 Audit Arrangements**

External auditors must be appointed in accordance with the Academies Financial Handbook.

The CFOO 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.

#### **4.8 Work Undertaken During Accounting Period**

The CFOO 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 governors/trustees

#### **4.9 Work undertaken for the year end**

The CFOO is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- prepayments and accruals
- deferred and accrued income
- control account reconciliations (bank, wages, debtors, creditors)
- close down of the sales and purchase ledgers
- pension valuations & pension audit

#### **4.10 Accounts Return**

The Trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 31 January.

The accounts return is outsourced to the Trust auditors for preparation.

### **5. Accounting system**

All the financial transactions of the Trust must be recorded into the Access Education finance system. The system consists of:

- General Ledger – including journal transactions
- Purchase Ledger
- Sales Ledger
- Fixed Assets

#### **5.1 System Access**

Access to the system is determined by the CFOO. The CFOO is able to determine appropriate levels of access for users of the system.

User access is controlled through secure user accounts and passwords. It is the responsibility of all system users to keep their password secure.

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

The accounting system is cloud based and Access Education are responsible for hosting and backing up the accounting system. In addition, the Trust has a Business Continuity Plan.

#### **5.3 Transaction processing**

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

## **5.4 Journal Entries**

Bank transactions are entered via a 'cash book journal'. They are input by administrators at each individual school, the School Business Manager and CFOO. The entries relate to source documents, for example remittance advice from the DfE or reports from the electronic payment system.

All journal entries (except the cash book journals) are inputted by the CFOO.

## **6. Reconciliations**

The CFOO 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

The CEO signs all reconciliations as evidence of review.

Any unusual or long outstanding reconciling items are dealt with according to the bad debt limits in this manual.

## **7. Cash Management**

### **7.1 Bank Accounts**

Currently the Trust operates one bank account.

The opening of any further accounts must be authorised by the Board of Trustees. Terms and arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted.

The CFOO will ensure that in the event of changes to key personnel signatories will be changed immediately, and the bank notified. Any on-line access to banking will also be removed

### **7.2 Online Banking System**

The CEO, CFOO and School Business Manager have access to the online banking system. Access to the system is controlled by passwords and cards. It is the responsibility of each individual to maintain security of their passwords and cards.

### **7.3 Deposits**

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 e.g name of the debtor or receipt number)

#### **7.4 Payments and withdrawals – Cheques and Direct Debits**

All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:

- CEO (all schools)
- CFOO (all schools)

#### **7.5 Petty Cash**

The Trust does not operate a petty cash system.

#### **7.6 BACS Payments**

Payments by bank transfer; BACS or Faster payments can be generated through the on-line banking system.

BACS payments are prepared by the School Business Manager. A report is produced from the finance system listing all individual invoices to be paid by BACS.

The School Business Manager and CFOO will review the listing and will complete spot checks back to source documentation and raise any queries with the individual academy. The listing will be signed as evidence of this review.

All payments require authorisation by two of the following bank signatories:

- CEO
- CFO
- School Business Manager

BACS payments are processed within suppliers' terms, although every effort is made to ensure the school benefits from early payment discounts.

#### **7.7 Employment Status Where Making Payments to Individuals**

The individual academy ensures 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 academy should request that the individual state their self-employment reference number on any invoice issued to the school.

#### **7.8 Purchasing Cards**

The Trust has approved a Purchasing Card Policy. The policy establishes the procedures for purchasing card use.

Requests for new cards are made through the CFOO and approved by the CEO.

All purchasing card statements are paid in full on a monthly basis.

## **7.9 Bank Reconciliation**

The CFOO 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 finance system
- adjustments arising are dealt with promptly
- The statements will be prepared and signed by the SBM and reviewed by the CFO and signed as evidence of this review

## **8. Investments**

The Trust has adopted a Treasury Management Policy. Currently the Trust does not hold any investments.

## **9. Reserves**

The Trust approves a Reserves Policy on an annual basis

Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.

The CEO as Accounting Officer must inform ESFA immediately if a deficit is anticipated.

If the Trust is anticipating a deficit at the end of any financial year, the Trust Board, CEO and CFOO have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The governing body must ensure that a recovery plan is submitted and approved by the ESFA.

It is the responsibility of CFOO to keep accurate records of the capital funds, especially where grants have been received for capital projects.

## **10. Payroll**

### **10.1 Staff Appointments**

The Scheme of Delegation determines the authority to make staff appointments. Each academy maintains personnel files for all members of staff, which include contracts of employment.

Each academy is responsible for obtaining the relevant DBS checks and ensuring these are retained on file.

### **10.2 Payroll Administration**

Payroll is administered through the Trust's payroll provider, Xentrall.

All staff are paid monthly, in arrears by BACs transfer, on the 25<sup>th</sup> of each month or the closest working day to the 25<sup>th</sup> if it falls on a weekend.

Xentrall hold the following employee details:

- salary
- bank account details
- taxation status
- personal details
- any deductions or allowances payable
- other legal and relevant details

Each academy must notify Xentrall of any new starters, leavers, contract amendments or changes in personnel details. The academy must use the appropriate Xentrall form and these must be approved by the Head Teacher or Head of School. The exception to this is the appointment or amendment of a contract of a Head Teacher, Head of School, Deputy Head or central staff, in which case the CEO must approve the change. All new appointments must be agreed in line with the Scheme of Delegation.

Each academy must complete a monthly staff return, which provides details of staff sickness and other absences. This will be completed in line with Xentrall requirements and the Trust's absence policy. The return must be authorised by the Head Teacher or Head of School.

Providing staff expense claims adhere to the Staff Expense Policy, these will be sent by the academy to Xentrall to process as part of the payroll.

### **10.3 Additional Hours, Temporary Work or Overtime**

Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the Head Teacher, Head of School, CEO or CFOO and returned to Xentrall.

Claim forms must not be submitted prior to work having been undertaken.

No payments for work undertaken will be made other than via the payroll system.

### **10.4 Staff Expenses**

The Trust has adopted a Staff Expenses Policy.

The Trust Staff may claim for reasonable expenses incurred to perform their duties. Reasonable expense are defined in the Staff Expenses Policy. Reasonable expenses include mileage at the agreed rate for Trust business journeys.

If employees use their own vehicle for Trust business, they will be required to provide appropriate documentation to ensure that the vehicle:

- Insured for business purposes
- Has a current MOT certificate (where applicable)

Each academy will be responsible for maintaining a record of the checks carried out to verify these

requirements.

The Staff Expenses Policy outlines the process for making expense claims, the mileage and subsistence rates and the authorisation levels.

### **10.5 Employment Status**

In conjunction with the HR advisory service, checks will be performed on all contract arrangements to establish the employment status of individuals. Evidence of these checks will be retained.

### **10.6 Payroll Payments**

Xentrall processes the payroll and sends detailed staffing reports for approval in advance. The reports are reviewed by the Finance Lead. This review includes checks for reasonableness and detailed spot checks.

The Head Teacher/Head of School must also review and approve the reports.

The Finance Lead and Head Teacher/Head of School must sign this report to evidence these checks.

On completion of these checks, if any amendments are required, the Head Teacher must notify Xentrall before the final payroll is run. A record of these changes must be retained for audit purposes.

All salary payments are made by BACS from the Trust bank account by Xentrall; either directly to employees (net pay) or third parties for deductions made (HMRC, Unions and Pension Providers).

After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The CFOO will 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.

On an annual basis, as part of the budget setting process, the finance lead in each academy must check for each member of staff that the pay scale and point on the pay scales held in the payroll system agrees to the contract of employment held on the personnel file.

### **10.7 Salary advances**

The trust does not award salary advances.

### **10.8 Special Payments**

Certain transactions by public bodies may fall outside their usual planned range of activity and may exceed statutory and contractual obligations. HM Treasury calls these special payments and are subject to greater control than other payments. They include:

- staff severance payments
- compensation payments

- ex gratia payments.

## **10.9 Special Staff Severance Payments**

Special staff severance payments are paid to employees outside statutory or contractual requirements when leaving public employment. They are different to ex gratia payments.

If the Trust is considering a staff severance payment above statutory or contractual entitlements, it must consider the following issues before making a binding commitment:

- that the proposed payment is in the Trust's interests
- whether the payment is justified, based on legal assessment of the Trust's chances of successfully defending the case at employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified, especially if the costs of a defence are likely to be high. Where a legal assessment suggests the trust is likely to be successful, a settlement should not be offered
- if the settlement is justified, the Trust would consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award.

Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to succeed in an employment tribunal because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

The Academies Financial Handbook gives the Trust the delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000 gross (i.e. before income tax or other deductions).

The Chair of Trustees, CEO and CFOO must approve all non-contractual payments, up to the limit delegated by the ESFA in the Academies Financial Handbook.

Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, (gross, before deductions) the ESFA's prior approval must be obtained before making any binding offer to staff. The Trust should allow sufficient time for proposals to be considered as the ESFA will refer such transactions to HM Treasury

The Trust should demonstrate value for money by applying the same scrutiny to a payment under £50,000 as those over £50,000, and have a justified business case.

## **10.10 Compensation Payments**

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

The Academies Financial Handbook gives the Trust the delegated authority to approve individual

compensation payments provided any non-statutory/non-contractual element is under £50,000.

The Chair of Trustees, CEO and CFOO must approve all non-contractual payments up to the limit delegated by the ESFA in the Academies Financial Handbook.

Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more it will obtain prior approval from the ESFA. The Trust must allow sufficient time for proposals to be considered as the ESFA will refer such transactions to HM Treasury.

### **10.11 Ex-gratia payments**

Ex gratia payments are a type of transaction going beyond statutory or contractual cover, or administrative rules. Annex 4.13 of Managing Public Money provides examples, including payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy.

Ex gratia transactions must always be referred to ESFA for prior approval. HM Treasury approval may also be needed.

If the Trust is in doubt about a proposed transaction ESFA advice will be sought.

## **11. Income**

The Trust and individual academies obtain income from:

- Grants e.g. Annual General Grant, Pupil Premium, Nursery Funding
- Pupils e.g. trips, meals, activities and school uniform
- The public e.g. lettings

### **11.1 Grants**

The Trust's main sources of income are the grants from the ESFA or Local Authority. The receipt of these sums is monitored directly by CFOO who is responsible for ensuring that all grants due to the academy are collected.

### **11.2 Trips**

Each academy must establish procedures to deal with income from trips.

Parents may pay electronically by an online payment system called SchoolComms. This is the preferred payment method. Reports can be run from the system showing who has paid and the amounts outstanding. Parents can view the amounts they have paid on the system.

Where a parent pays by cash or cheque a record is made and maintained.

### **11.3 Trips (Residential)**

Each academy must establish procedures to deal with income from residential trips.

Parents may pay electronically by an online payment system called SchoolComms. This is the preferred payment method. Reports can be run from the system showing who has paid and the

amounts outstanding. Parents can view the amounts they have paid on the system

Where a parent pays by cash or cheque a record is made and maintained. In these instances, due to the value, a receipt is issued.

#### **11.4 Catering**

Each academy must establish procedures to deal with income from catering.

Parents may pay electronically by an online payment system called SchoolComms. This is the preferred payment method. Reports can be run from the system showing who has paid and the amounts outstanding. Parents can view the amounts they have paid on the system.

Where a parent pays by cash or cheque a record is made and maintained.

Monies received for school meals can be reconciled to the academy's management information system school meals module.

#### **11.5 Lettings**

Each Academy must establish procedures to deal with income from lettings. These procedures must ensure that:

- Adequate records of bookings are made
- Where possible payment should be made in advance
- Sales invoices should be raised on the accounting system
- Debts will be monitored and promptly chased up

#### **11.6 Breakfast and After School Clubs**

Each Academy must establish procedures to deal with income received. These must ensure that:

- A register of attendance and record of payments is maintained
- Income is reconciled against the register
- Each reconciliation is documented and signed

#### **11.7 Bad debts**

The Trust will 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 will 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 Trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.

If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the School Business Manager submits a report to CFOO for approval of write off.

The following write off limits apply:

- Up to £150 – Accounting officer
- £151 to £500 – Finance, Audit and Resources committee
- Over £500 – Trust Board (consider potential referral to debt collecting agency).

## 12. Purchasing

The Trust aims to achieve value for money on all purchases. A large proportion of purchases are paid for with public funds and the Trust needs 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 academy are dealt with on a fair and equitable basis.

### 12.1 Financial Delegated Authorities and Authorisation Levels

The following limits (net amounts before VAT) apply to all types of expenditure:

|                             | Up to<br>£10,000                | Over £10,000<br>up to £20,000               | Over £20,000<br>up to £40,000               | Over £40,000   |
|-----------------------------|---------------------------------|---|---|--|
| <b>Individual Academies</b> | Head Teacher/<br>Head of School | Local Governing<br>Body                     | Finance, Audit<br>And Resource<br>Committee | Finance, Audit<br>And Resource<br>Committee<br>recommend<br>to Trust Board |
| <b>Central Trust</b>        | CEO                             | Finance, Audit<br>And Resource<br>Committee | Finance, Audit<br>And Resource<br>Committee | Finance, Audit<br>And Resource<br>Committee<br>recommend<br>to Trust Board |

Head Teachers/Head of School and CEO have the delegated authority to sign requisitions, purchase orders and contracts up to £10,000 without reference to the LGB.

The CEO has the delegated authority to sign requisitions, purchase orders and contracts between

£10,000 and £20,000 providing that prior approval of the expenditure by the relevant committee can be clearly documented.

Both the CEO and CFOO must approve requisitions, purchase orders and contracts over £20,000 providing that prior approval of the expenditure by the relevant committee can be clearly documented.

Where it is pre-identified, at a committee or Trust Board meeting, that a decision will be required between meetings, which would ordinarily require the Trust Board or committee approval, the members may delegate to any Trustee(s), committee member(s) or Head Teacher powers or functions they consider desirable. Where any committee Governor or Head Teacher exercises any power or function of the Trustees, that person or committee shall report to the Trustees in respect of any action taken or decision made at the meeting immediately following taking of the action or making of the decision.

At times approval for expenditure may be required from the Local Governing Body or Trust Board outside of scheduled meetings. In the event that a decision is required before the next scheduled meeting, email approval will be sought from the committee members. A date and time for response will be given and a quorate response taken as approval. In these circumstances quorum will be decided by each committee annually. The emails will be retained for audit purposes. This decision will be reported at the meeting immediately following taking of the action or making of the decision.

The Trust Scheme of Delegation provides for emergency situations.

Certain transactions may require prior approval from the ESFA. The following table is the Academies Financial Handbook (AFH) 2020, which summarises the schedule of freedoms and delegations. As stated in the AFH this is not a substitute for the full handbook. In all cases it is recommended that the most recent guidance is sort before entering into any of the following:

|  |   |   |
|--|---|---|
| Novel, contentious and repercussive                      | Novel, contentious and repercussive transactions            | ESFA agreement required   |
| Borrowing  | Loan, overdraft   | ESFA agreement required   |
|  | Credit cards (for business use)                             | Trust has full discretion provided charges not incurred   |
| Leasing  | Taking up a finance lease                                   | ESFA agreement required   |
|  | Taking up a leasehold on land and buildings                 | ESFA agreement if lease term seven years or more  |
|  | Taking up any other lease                                   | Trust has full discretion   |
|  | Granting a lease on land and buildings                      | ESFA agreement required   |
| Write-offs and liabilities (subject to £250,000 ceiling) | Writing-off debts and losses                                | ESFA consent required if exceeds:<br>- 1% of total annual income or £45,000 individually; or<br>- cumulatively 2.5% or 5% of annual income cumulatively |
|  | Entering into guarantees, indemnities or letters of comfort |   |
| Special payments   | Staff severance and compensation                            | ESFA agreement required if £50,000 or more before tax   |
|  | Ex gratia payments  | ESFA agreement required   |
| Acquisition and  | Acquiring freehold  | ESFA agreement required   |

|                            |  |   |
|----------------------------|--|---|
| disposal of fixed Assets   | land/buildings                             |   |
|                            | Disposing of a freehold on land/ buildings | ESFA agreement required   |
|                            | Disposing of heritage assets               | ESFA agreement required   |
|                            | Other Disposals                            | Trust has full discretion   |
| GAG                        | Pooling by multi-academy trusts            | No limits (except PFI) if trust eligible  |
|                            | GAG carry forward                          | No limits if trust eligible   |
| Related Party Transactions | Supplies to the trust from related parties | ESFA must report all contracts and agreements to ESFA in advance<br>ESFA agreement required for a contract exceeding £20,000 or cumulative value of £20,000 in same financial year<br>ESFA agreement required for all novel, contentious and/or repercussive related party transactions |

## 12.2 Competitive Purchasing Requirements and Limits

### 12.3 Orders up to £5,000

In purchasing all goods and services up to £5,000, staff should ensure that they review the use of existing resources and consider the cost, quality, reliability and availability. Fixed prices should be obtained for all purchases before orders are placed.

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

Three written quotations should be obtained for all orders between £5,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be attached to the order placed and available for audit purposes. Telephone quotes are acceptable if these are documented and evidenced and confirmation of quotes has been received before a purchase decision is made.

### 12.5 Orders over £10,000 but less than £20,000

Three written quotations should be obtained for all orders between £10,000 and £20,000 to identify the best source of the goods/services. Written details of quotations obtained should be attached to the order placed and available for audit purposes. A written report should be prepared for LGB approval.

### 12.6 Orders over £20,000 but less than £60,000

Guidance on all procurement above £20,000 should be sought in advance from the CFOO.

A specification of requirements and evaluation criteria will be drawn up in advance. All potential contractors invited to submit quotations shall be provided with identical information and instructions.

Quotes will be evaluated by more than one individual and a recommendation made to the Finance and Resources Committee for approval. If competitive quotes cannot be sought, a report will be taken to the committee documenting the reasons why and how value for money has been otherwise assured.

### **12.7 Orders over £60,000 but less than EU Thresholds**

All goods/services ordered with a value over £60,000, or for a series of contracts which in total exceed £60,000 must be subject to formal tendering procedures, detailed below, and will be managed by the CFO.

### **12.8 EU Procurement Thresholds**

Purchases over £189,330 for supplies and services or £4,733,252 for works contracts (threshold from 1 January 2020) may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. When the Trust is likely to award such contracts further legal guidance should be sought.

- EU Procurement Thresholds 1st Jan 2020
- Supplies and Services £189,330
- Lighter Touch Services £663,540
- Works £4,733,252

Procurement above EU Thresholds must be carried out in accordance with the appropriate EU Procurement Directives, which the UK enforces through the Public Contract Regulations 2015.

In the first instance existing EU compliant framework agreements established by public sector buying organisations will be explored and will be used where appropriate.

For purchases above the threshold a procurement plan identifying the key tasks, responsibilities and authorisation routes must be approved by the Board of Trustees before the procurement commences and progress will be monitored and reported to Trustees throughout the process. Where this is a procurement that is not from an existing framework this process is likely to draw on external procurement, technical and legal advice

### **12.9 Tendering Procedures (below EU Thresholds)**

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below. The Trust must seek tenders on the most appropriate basis.

#### **12.10 Open Tender**

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CFO how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical.

### **12.11 Restricted Tender**

The Trust will normally invite at least four bidders. 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.

The Trustees may delegate the tender process to a relevant professional in their field of expertise. The suppliers chosen will be based on the quality of their services/supplies and ability to deliver in the timeframe.

### **12.12 Preparation for Tender**

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract

The award criteria which are to be applied in evaluating tenders must be recorded in writing before the tenders are invited and must be stated in the documents sent to suppliers. 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.

### **12.13 Invitation to Tender**

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

An invitation to tender will normally be issued to at least four suppliers, and should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- selection criteria
- implementation of the project;
- terms and conditions of tender and
- form of response.

## **12.14 Aspects to Consider**

### Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.

### 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

- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to commission a credit report.

## **12.15 Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders will be required to either:

- Submit tender documents in plain envelopes clearly marked to indicate they contain tender documents.
- Submit tender documents to an email address specified in the tender documentation

The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening.

Emails will be sent to an email address only accessible by the CEO and CFOO. The emails will not be opened until after the deadline.

Tenders received after the submission deadline should not normally be accepted, unless the CFOO and Chair of Board are satisfied that the tender was posted or dispatched on time but that delivery was prevented by an event beyond the control of the tenderer and that other tenders have not been opened.

## **12.16 Tender Opening Procedures**

All tenders submitted should be opened at the same time and the tender details should be recorded. Tenders should be opened in the presence of two of the following, the Chief Executive, the CFOO, Trustee.

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

## **12.17 Tendering Evaluation Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

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.

Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the Trust. All parties should then be informed of the decision.

## **12.18 Non-competitive tenders (applies to purchases under EU threshold only)**

Instances of purchases that do not comply with the competitive purchasing requirements, for reasons such as sole supplier, specialist services etc. will require documenting and reporting for approval through the appropriate route depending on the value of the contract.

Key services renewed on an annual basis, for example catering and cleaning, will be considered on an annual basis. At minimum a benchmarking exercise will be undertaken to ascertain any % increases made year on year.

A more detailed review may be undertaken on a three to five year cycle to consider whether they still offer good value for money. Trustees, taking into account the cost/benefit of undertaking such as exercise, will decide upon the format of this review. It is understood that a negotiated or restricted tender may be the most appropriate in these cases despite the value of the contracts.

## **12.19 Specialist Purchasing Consortiums**

It is acceptable to use the services of specialist purchasing consortiums that have already prepared purchasing frameworks and prices using the collective bargaining power of its members. For example, the Trust have experience of using NEPO (North East Purchasing Organisation). Pre written agreements from such framework providers allows the Trust to place orders with suppliers in a way that meets necessary EU and UK procurement regulations.

## 12.20 Orders

Purchasing will be controlled through a formal system of ordering. All orders must be recorded on an official requisition form and approved in accordance with the Trust Finance Policy and Scheme of Delegation.

Approved requisitions will be used to raise an order in the purchase order module of the finance system.

To comply with segregation of duty controls, an order cannot be initiated *and* approved by the same member of staff. The only **exception** to this relates to orders raised by the head teacher, where it is not practical to have such segregation of duties. The dual payment approval controls will also act as a check in these instances.

Orders must be raised in advance for all goods, works and services and or consultancy unless specifically exempted. Specific exemptions to the requirements to raise an official purchase order are limited to:

- Rent and or business rates
- Utility Costs & telephony bills
- Works and services executed under a contract and are irregular or one off payments, e.g annual subscriptions/stage payments on building works
- Works and services executed under a contract for regular monthly or quarterly payments e.g. catering and cleaning contracts\*
- Teaching Supply Services
- Purchasing card transactions\*\*
- Purchasing catering supplies

*\* in this instance an order will be raised but not a requisition*

*\*\* See Charge Card Policy for further detail*

## 12.21 Purchase Invoices relating to Purchase Orders

All invoices received will be matched against the order and, where applicable goods received note (GRN), and the quantity and value of goods will be checked. The invoice will be signed to document these checks have been made. The GRN and the copy order will be attached to the invoice.

The invoice will be entered onto Access by 'generating a purchase invoice' from the corresponding purchase order. The invoice will be approved by the appropriate signatories in line with this policy and the Scheme of Delegation.

## 12.22 Non-order Purchase Invoices (excluding charge cards)

Non-order invoices are still subject to internal control processes. Where applicable, the contract will form the basis for agreeing the invoice.

Where an official purchase order has not been raised, the invoices will be processed on the finance system as a non-order invoice.

The invoice will be approved by the appropriate signatories in line with this Policy and Scheme of Delegation.

### **12.23 Segregation of Duties within Order Process**

The Trust does not authorise one person to conduct any financial transaction from beginning to end independently. The only exception to this relates to orders raised by the head teacher, where it is not practical to have such segregation of duties, however there must always be a minimum of two people involved in processing financial transactions to ensure appropriate segregation of duties. Ideally more than two people will make up elements of the purchasing process.

### **12.24 Goods and services for private use**

No goods are ordered or services provided to include any elements of private use by governors and staff.

## **13. Insurance**

The Finance, Audit and Resource Committee reviews insurance arrangements annually.

The Trust have opted in to the Department for Education's Risk Protection Arrangements.

Staff must ensure all valuable are kept under lock and key when not being used in a supervised manner.

## **14. Members, Trustees and Governors Allowances**

All governors/Trustees of this academy 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
- travel and subsistence costs, associated with attending national meetings or training events
- telephone charges, photocopying, stationery, postage etc.
- any other justifiable allowances

The Trust have adopted a Allowances for Members, Trustees and Local Governors Policy

The Trust acknowledges that:

- Members, Governors or Local Governors are not be paid an attendance allowance

- Members, Governors or Local Governors are not reimbursed for loss of earnings

## **15. Gifts, Hospitality Fraud and Anti-Bribery**

The Trust have adopted a Gifts, Hospitality, Fraud and Anti-Bribery Policy.

## **16. Whistleblowing**

The Trust have adopted a Whistleblowing Policy.

## **17. Leasing**

The Trust does not enter into any form of finance lease as a means of purchasing goods, as this is a form of borrowing. The Trust does occasionally enter into operating leases for the rental of equipment.

## **18. Managing General Annual Grant (GAG)**

The Trust does not have limits set by the ESFA on GAG carried forward from year-to-year, however the ESFA will report to the DfE any trusts where it has serious concerns about a long-term substantial surplus with no clear plans for its use.

### **18.1 Pooling of GAG by MATs**

A Trust can amalgamate GAG for its academies to form one central fund. This can be used to meet the running costs at any constituent academies within the trust. In accordance with its funding agreement a MAT must not pool PFI funding.

The MAT must consider the funding needs and allocations of each constituent academy, and must have an appeals mechanism. If a constituent academy's Head Teacher feels the academy has been unfairly treated, they should appeal to the trust. If the grievance is not resolved, they can appeal to the Secretary of State, via ESFA, whose decision will be final and who can dis-apply the pooling provisions.

Currently the Trust does not operate GAG pooling.

## **19. VAT 126 form**

Currently, the James Cook Learning Trust is not VAT registered, however the Trust is able to reclaim VAT via a VAT 126 form.

The CFOO is responsible for preparing submitting the VAT 126 form on a regular basis.

## 20. Fixed Assets

### 20.1 Capital Asset definition

Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period.

### 20.2 Capitalisation Method

All capital assets are recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets are recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

### 20.3 Capitalisation thresholds

The minimum capitalisation threshold for capitalising fixed assets is £1,000.

### 20.4 Asset register

All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered on to the fixed asset register. The register will include the following details:

- asset description
- date of acquisition
- asset cost
- source of funding (% of original cost funded from grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location

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

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

## 20.5 Depreciation of Assets

All fixed assets will be depreciated using a straight line method of depreciation at the following rates:

- Land 125 years (length of lease)
- Buildings 50 years
- Leasehold Improvements 20 years
- Plant and Machinery 7 years
- Furniture and Equipment 7 years
- ICT Equipment 3 years

## 20.6 Inventory Register

It is the individual academy's responsibility to maintain records for all items below the capitalisation thresholds that should be safeguarded from loss, for example computer equipment that falls below the capitalisation threshold but is 'attractive and portable'.

## 20.7 Security of assets

Items in the register are permanently and visibly marked as the Trust's property where possible.

Equipment is, where possible, stored securely when not in use.

An annual count is undertaken by each individual academy. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and reported to the CFOO.

Where differences are significant the CFOO will report the discrepancies to the Finance, Audit and Resource Committee.

## 20.8 Disposals

Disposals, where applicable, are in line with the Academies Financial Handbook.

Disposal of assets may be for a number of reasons e.g.

- Beyond repair
- No longer complying with health and safety requirements
- No longer required due to changed procedures or functions
- Not capable of running required software

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Trust Board.

Acceptable methods of disposal include

- Private sale by competitive tender if the value is significant
- Donation to an appropriate organisation
- Recycled or destroyed where the asset has no market value or use to another organisation.

The Trust will follow the Data Protection Policy when disposing of IT equipment with memory storage.

Electronic equipment will be disposed with regard to Waste Electronic and Electrical Equipment (WEEE) regulations.

### **20.9 Loan of Assets**

Items of academy property must not be removed from academy premises without the authority of the Head Teacher or CEO. A record of the loan must be recorded in a loan book and booked back when it is returned to the academy.

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.

## **21. Document retention**

The Trust has adopted a Data Protection Policy

Data will not be kept for longer than is necessary.

Unrequired data will be deleted as soon as practicable.