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# OWLS Academy Trust

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## Finance Manual incorporating Finance Policies

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Adopted by The OWLS Academy Trust on	
Next Review Due	

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The purpose of this manual is to ensure that the OWLS Academy Trust and each of its constituent academies maintains and develops systems of financial control which conform to the requirements both of propriety and or good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

As a public body, the academy trust must ensure regularity, propriety and value for money in their management of public funds. The Trust and each of its academy members must therefore comply with the principles of financial control outlined in the Academies Financial Handbook, published by the DfE. This manual expands on that and provides detailed information on the accounting procedures and systems in place across the Academy Trust.

Throughout this document, unless indicated otherwise, all references to 'Head Teacher' include the Executive Head Teacher and the Head of School. Duties / levels of authority that have been assigned to the Head Teacher may also be carried out by the Deputy Head Teacher in cases where they are deputising.

This manual should be read and adhered to by all staff, governors and trustees involved with financial systems.



## **Organisational Structure, Roles and Responsibilities**

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### **Organisational Structure**

The OWLS Academy Trust is the statutory body for all of its member academies; as such the Academy Trust Board is responsible for the standards and operation of all academies in the Trust.

The Academy Trust Board has established a Local Governing Body in each academy, with agreed delegation arrangements. Full details can be viewed in the separate document: Scheme of Delegations.

### **Academy Trust Board Responsibilities**

Academy Trusts are companies limited by guarantee and exempt charities. The board of trustees is subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them. The board of Trustees must therefore also be aware of the Charity Commission's guidance for trustees "CC3: The Essential Trustee: What you Need to Know, What you Need to Do".

### **Governor's Responsibilities**

The main financial responsibilities of the Local Governing Body of each academy are:

- To set and review the terms of reference for all sub-committees, including any delegations of financial responsibilities to the Finance Committee and/or others within the academy. These shall then be appended to this policy;
- Regular monitoring of the academy's actual income and expenditure against budget;

- Monitoring of contracts for goods/services;
- Ensuring compliance with standards, policies and schemes of delegation;
- Ensuring relevant reports are prepared for the Academy Trust Board in a timely manner;
- Detailed monitoring of expenditure, virements, income and cash flow;
- Authorising the award of contracts within limits as delegated by the Academy Trust Board (see Appendix A: Limits of Financial Delegation)
- Authorising changes to the academy personnel establishment;
- Reviewing the reports of the Internal Auditor on the effectiveness of, and any risks to, the financial procedures and controls and agreeing a programme of work that will address any issues identified, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors. These reports must be shared with the full LGB (where responsibility has been delegated to a sub-committee) and with the Board of Trustees where any issues identified may also apply to other schools within The Trust.

Terms of Reference for Local Governing Bodies can be found in Appendix B.

The Local Governing Body may elect to delegate many financial responsibilities to a Finance Sub-Committee, or similar. Such a decision and the levels of local delegated authority should be documented in the terms of reference for the relevant sub-committee.

### **Responsibilities of the Academy Trust's Accounting Officer**

The Executive Head Teacher / CEO of the Academy Trust shall be the designated accounting officer for the Academy Trust and, as such, shall be responsible to Parliament and to the accounting officer of the Education Funding Agency (EFA) for the resources under the Trust's control.

The Accounting Officer must have appropriate oversight of financial transactions, including:

- Ensuring that the relevant Academy financial regulations and/or DfE and EFA requirements are implemented across the Trust;
- Establishing sound internal financial controls which are managed on a daily basis by the Head Teacher / Head of School and the Finance Officer of each academy;
- Ensuring the effective implementation of current financial systems and procedures described in the financial management handbook (even in the absence of key staff);
- Checking that the funds delegated by the DfE / EFA / LA are correct;
- Producing regular reconciled budget / financial reports for the Academy Trust Board and DfE as appropriate.
- Ensuring that all of the Academy Trust's property and assets are under the control of the trustees, and that measures are in place to prevent losses or misuse, including maintenance of fixed asset registers and inventories;
- Ensuring full and accurate accounting records are maintained to support the annual accounts;
- Signing, with the Chair of the Academy Trust Board, the approved budget and annual accounts, ensuring they are properly presented and causing records to be maintained relating to the accounts;
- Authorising contracts and orders in accordance with the provisions of the Scheme of Delegations;
- Signing cheques in conjunction with other authorised signatories

The accounting officer must also notify the Academy Trust Board in writing if, at any time, he considers that:

- Any action or policy under consideration is incompatible with the terms of the Academies Financial Handbook of the Funding Agreement; or

- The Academy Trust Board appears to be failing to act where required to do so by the terms and conditions of the Academies Financial Handbook or the Funding Agreement.

### **Head Teacher / Head of School Responsibilities**

Within the framework of the School Development Plan, the Head Teacher / Head of School has responsibility for their academy's activities, including financial activities such as:

- Ensuring the efficient, economical and effective management of resources and expenditure, including funds, capital assets, equipment and staff to achieve the academy's aims and objectives;
- The overall organisation, management and staffing of the academy, ensuring that any changes to staffing structure are approved by the Local Governing Body;
- Leading and managing the creation and subsequent monitoring of a strategic plan (the School Development Plan) underpinned by sound resource planning which identifies priorities and targets for ensuring that pupils achieve high standards and make progress, increasing teacher effectiveness and securing school improvement.
- To have input into the overall strategic direction of the school to support further development of the MAT, in conjunction with the Executive Head Teacher/ CEO;
- Setting appropriate priorities for expenditure, including budget setting/allocation of funds;
- Procedures in financial and other matters, including conduct and discipline;
- Ensuring value for money;
- Ensuring the maintenance of sound financial controls;
- Signing, with the Local Chair of Governors, the approved budget and annual accounts information;
- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the Academy Trust Board have determined should be approved by them;
- Consider and respond promptly to recommendations in school audit/inspection reports, and advise governors of results and any remedial action to be implemented
- Authorising contracts and orders in accordance with the provisions of the Scheme of Delegations;
- Signing cheques in conjunction with other authorised signatories.

### **Principal Finance Officer Responsibilities**

The Principal Finance Officer (PFO) shall be a designated School Business Manager from one of the academies within The Trust who will work in close collaboration with the Executive Head Teacher / CEO through whom they will be responsible to the Academy Trust Board. They may also be referred to as the Chief Finance Officer (CFO).

The Principal Finance Officer shall undertake the role of Finance Officer for their own school and for any other schools within The Trust as may be agreed from time to time. In addition they shall be responsible for:

- Ensuring that the annual accounts are prepared, properly presented and adequately supported by the underlying books and records of the Academy Trust;
- Preparing and monitoring the budget for the OWLS central fund;
- Liaising with the accountants / auditors;
- Providing assistance and information as necessary to assist the Academy Trust Board in the satisfactory completion of their financial responsibilities;
- Ensuring forms and returns for the Academy Trust are sent to the DfE in a timely manner.

The PFO shall be assisted in the fulfilment of these responsibilities by the Academy Trust's appointed accountants, and by the Finance Officer for each member academy.

## **Finance Officer Responsibilities**

Each academy shall identify a member of staff who shall be designated as Finance Officer for the academy. This will normally be their School Business Manager or Bursar.

The main responsibilities of the Finance Officer are:

- Managing day-to-day financial issues, including the establishment and operation of a suitable accounting system;
- Managing the academy financial position within the framework for financial control determined by the Academy Trust Board and Local Governing Body;
- Maintaining effective systems of internal control;
- Ensuring that information is available to support the preparation and presentation of the annual accounts;
- Liaising with the auditors/accountants on academy level matters;
- Providing assistance and information as necessary to assist the Principal Finance Officer and Local Governing Body in the satisfactory completion of their financial duties;
- Ensuring forms and returns for the Academy are sent to the DfE in a timely manner.

## **Budget Holder Responsibilities**

Budget holders are required to comply with all relevant sections of this manual and to exercise responsibility for routine control and monitoring of their budget expenditure.

All employees who have budgetary control in any form are required to sign a Financial Competency Form (Appendix C)

## **Other Staff**

All staff are responsible for:

- The security of academy property;
- Avoiding loss or damage;
- Ensuring economy and efficiency in the use of resources; and
- Conforming to the requirements of the Academy's financial procedures.

## **Internal Audit**

The Academy Trust Board has appointed internal auditors from the Local Authority to provide them with an independent oversight of each academy's financial affairs.

The internal auditors will undertake a programme of internal audit at each academy to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Academy Trust Board and Local Governing Body. A report of the findings from each visit will be presented to the Local Governing Body (via their Finance Committee if delegated) and shared with the Board of Trustees as appropriate.



### **Pecuniary / Business Interests**

All Trustees, Governors and Staff with significant spending powers must declare any pecuniary interests at all times, and should enter any on-going interests that may raise a conflict of loyalty in a Register of Interests kept in the relevant academy. This register should be regularly drawn to Governor’s attention, at least one a year, and amended as needed.

The existence of a Register of Interests does not detract from the duties of individuals to declare interests whenever they are relevant to matters being discussed. Where an interest has been declared the individual should not attend that part of any committee or other meeting.

An example of the Trust’s Pecuniary Interests Form can be found in Appendix D.

### **Conflict of Interest**

In the course of meetings or activities individuals are required to disclose if there is or may be a conflict of interest between the organisation’s best interests that the interests of the individual or another organisation that they are involved in. Where this is the case the interest or loyalty to the other organisation must be declared and the individual should withdraw from the part of the meeting / activity affected. This can include non-financial matters, for example where an individual on a recruitment panel discovers that they know one or more of the applicants (except where the candidate is internal to the school).

### **Segregation of Duties**

The size and staffing arrangements of each school will affect the segregation of duties. However, as a minimum one person should process and record various functions and another person must authorise the process. Where authorisation is by 2 people, at least one of those persons must not have been involved in processing/recording any functions.

If possible duties should be segregated between more than 2 people.

### **Internal Control**

Internal delegation within each school, subject to the limits of authority to incur expenditure (as detailed in Appendix A), will be as follows:

Expenses forms, absence requests and other salaries documentation	Head Teacher
Orders	Head Teacher, Deputy Head Teacher, Assistant Head Teacher, School Business Manager
Cheque signatories / BACS authorisation	Head Teacher, Chair of Governors, up to 2 others as determined by the Local Governing Body and identified within the current bank mandate for the school. For further details see the Expenditure section of this document.



All schools within the OWLS Academy Trust will use the same Integrated Information Management Systems for financial processing and maintaining pupil and staff records (currently FMS and SIMS).

### **System Access / Security**

Information Management Systems must be kept discrete from the student network system.

Access to the systems must be password restricted, and individual user profiles must be set to ensure that users can only view and/or edit elements of the system that are relevant to their role and responsibilities. Individual users must change their password at least once every term. The System Manager login details for both FMS and SIMS should be written down and stored in a sealed envelope in the school safe (in case of an emergency).

Care must be taken to protect against unauthorised access to the systems: users must either log out or lock their computers when leaving the room.

The Principal Finance Officer, and at least one other Finance Officer, shall have oversight of the FMS records of every school in the trust for the purposes of collective financial reporting, including to support the preparation of the annual accounts.

### **Back-up Procedures**

The Finance Officer is responsible for ensuring that there are effective back-up procedures for the system. Data should be copied to a removable medium and the copies stored in a secure place, preferably in a fireproof container. The back-ups should not be recorded on the same removable medium each time – in order to provide more protection from the loss of data at least 3 different discs should be used in rotation. The most recent back-up should be stored off-site.

Back-up copies should be taken on at least a weekly basis, and preferably daily.

The Business Continuity Plan should provide for loss of accounting facilities or financial data.

### **Transaction Processing**

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

Detailed information on the operation of the systems can be found in the user manuals, held in the office at each school.

### **Reconciliations**

The Finance Officer is responsible for ensuring the following reconciliations are performed each month:

- Sales ledger control account;
- Purchase ledger control account;
- Payroll control account;
- All suspense accounts;
- Bank balance per the nominal ledger to the bank statement.

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



## **Bank Accounts**

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## **Bank Account Management /Access**

The bank mandate defines who is permitted access to the bank account, and the nature of that access (e.g. administrator, signatory, etc), and also defines the requirements for authorisation of payments, which as a minimum must require 2 signatures for every cheque.

The bank mandate must be changed promptly when relevant staff/governors leave their positions within the school.

The Finance Officer and Business Manager for each school shall have online access to the bank account to view and print statements. Local Governing Bodies may agree for other appropriate staff members to have similar online access as a contingency against staff absence, if required.

## **Controls**

There must be a segregation of duties between the preparation, authorisation and issue of cheques: no-one who prepares and issues the cheque may also sign it without a second signatory who has not been involved in the cheque's preparation and issue.

Similar controls over segregation of duties are applied to BACS and electronic banking.

## **Deposits**

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book and should include:

- The amount of the deposit; and
- A reference, such as the number of the receipt of the name of the debtor

The security of funds and of personnel must be considered when determining arrangements for depositing funds in the bank. Governors may determine that a cash collection company should be appointed to collect funds from the school on a regular basis. Where this arrangement is not put in place, or if additional deposits are required (e.g. at the end of term, or if cash in school exceeds insured levels), deposits of less than £500 cash may be taken to the bank by one person, otherwise two people must go together. Staff must be careful not to exceed insurance limits for cash in transit when preparing cash for banking.

Trips to the bank should be made on different days / different times of day, and preferably using a different car.

## **Bank Reconciliation**

The Finance Officer must ensure that bank statements are received regularly and that reconciliations are performed promptly and at least on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the school's cash book;
- Reconciliations are subject to an independent monthly review carried out by the Head Teacher, Head of School, Deputy Head Teacher or School Business Manager (unless they have prepared the reconciliation); and
- Adjustments arising from the monthly review are dealt with promptly.



## **Budget Planning and Control**

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### **Budgetary Cycle**

The school finances shall be planned through:

- The approval and implementation of an annual budget based on the aims, objectives and priorities of the school, the financial position of the school and the levels of projected reserves;
- Preparation of a medium term Financial Plan of at least 3-years, updated annually.

The timetable for the preparation, presentation and approval of the budget is included in the financial calendar (Appendix E).

### **Development Plan**

Each school within the Trust will have a school development plan, identifying the future aims and objectives of the school and how they are to be achieved. The development plan should match objectives to the resources expected to be available.

The development plan provides a framework for the annual budget, which is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year.

Each year the Head Teacher will discuss the Development Plan with the Local Governing Body, including:

- A review of past activities, aims and objectives;
- Definition or redefinition of aims and objectives;
- Development of the plan and associated budgets;
- Implementation, monitoring and review of the plan; and
- Feedback into the next planning cycle.

The completed plan will include detailed objectives for the coming academic year, with estimated resource costs (capital and revenue) associated with each objective and success criteria against which achievement can be measured.

The medium-term financial plan should be prepared as part of the development planning process, and should indicate how the school's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

### **Annual Budget**

The Head Teacher is responsible for preparing the annual budget, in conjunction with the Finance Officer, and for obtaining approval from the Finance Committee and the Local Governing Body.

The Academy Trust may take advantage of the provisions of the Academies Financial Handbook, which allows a Multi Academy Trust to amalgamate a proportion of GAG funding for all of its academies to form one central fund. This fund can then be used to meet the normal running costs at any of the academies within the MA in accordance with the guidelines that govern the use of GAG funding. Any such pooling must be agreed and the Academy Trust Board must ensure that each school is treated fairly. A separate Central Funds Policy has been developed for this purpose.

The budgetary planning process will incorporate the following elements:

- Forecast of the likely number of pupils, to estimate the amount of DfE grant receivable;
- Review of other income sources to assess likely level of receipts;
- Review of past performance against budgets;
- Identification of potential efficiency savings; and

- Review of the main expenditure headings in light of development plan objectives and expected variations in cost (e.g. pay increase, inflation, other anticipated changes).

A clear statement of the assumptions and priorities supporting the budget will be maintained by the Head Teacher.

Once the draft budget plan has been prepared this shall be presented to the Finance Committee for agreement. This should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change it is easier for all concerned to take remedial action. The final budget plan shall then be presented to the full Local Governing Body and to the Academy Trust Board for final approval.

The final budget plan should be seen as a working document which may need revising throughout the year as circumstances change. All budget virements must be authorised by the Finance Committee.

The Finance Officer must ensure that the approved budget is entered onto the finance system at the commencement of the new financial year.

### **Budgets and Authority Levels**

Details of the approved budget plan will be communicated to individual budget holders as appropriate.

Authority to incur expenditure consistent with the budget is laid out in Appendix A.

### **Monitoring and Review**

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. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency – all budget virements must be authorised by the Finance Committee.

Monthly reports will be prepared for the Head Teacher by the Finance Officer, detailing actual income and expenditure against budget.

Budget monitoring reports will be presented to the Finance Committee at their regular meetings, in a format agreed with the committee.

The Finance Officer will issue budget / spending reports to individual budget holders periodically and on request.

Any potential overspend against the budget must be discussed with the Head Teacher.



## **Expenditure**

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### **Best Value**

The Local Governing Body is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's plans. Each school within the OWLS Academy Trust needs to secure the best possible outcome for pupils sustained in the most efficient and effective way, at a reasonable cost. This means that all expenditure needs to equip the school with the resources that are needed in the correct quantity and quality and in a timely manner.

Staff should be deployed to provide best value in terms of quality of teaching, quality of learning, staff-student ratio and curriculum management.

A large proportion of all expenditure will come from public funds, so to maintain the integrity of these funds each school will adhere to the general principles of:

- Probity – it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the school;
- Accountability – the school is publicly accountable for its expenditure and the conduct of its affairs; and
- Fairness – all those dealt with by the academy should receive fair and equitable treatment.

## Purchasing and Tendering Procedures

Prices / quotations should be obtained for all purchases and orders, subject to the following limits:

Value of purchase / contract / work	Number of quotes
Up to £3,000	1 quote
Over £3000 and no more than £5,000	2 quotes
Over £5,000 and no more than £40,000	3 quotes
Over £40,000	Formal tendering procedures
Over £106,047 (reviewed annually)	Purchases may fall under EU procurement rules which require advertising in the Official Journal of the European Union

The Finance Officer shall keep records of all purchases made, including quotations received but not accepted.

Further information about different forms of tender can be found in Appendix F.

## Ordering - Routine

Wherever possible purchases should be made through the school's ordering system.

A quote or price must always be obtained before any order is placed. Where possible a supplier should be chosen from a list of approved suppliers, maintained in the school office.

All orders must be made or confirmed in writing; order forms are held in the school office. Orders must bear the signature of the budget holder or head teacher (as appropriate to the value of the order) and must be forwarded to the school office where they will be checked to ensure adequate budgetary provision before an official order is created on the accounting system and dispatched to the supplier.

Order forms and copies of official orders are retained in the Orders file in the office until the goods have been received and invoiced, after which

## Ordering - Internet

Internet ordering should only be used where goods cannot be requisitioned through normal ordering channels, or where the savings are significant. Orders should only be placed with reputable companies and before placing an order the following details should be verified:

- The supplier's name and address is referred to on the website;
- The company's terms and conditions of trading have been viewed and are reasonable;
- The transaction will take place under UK jurisdiction, where normal forms of redress are available to solve problems or disputes regarding faulty goods or non-delivery of goods (note: a ".uk" web address does not always mean the firm is UK based);

- A full description is obtained of the goods or services to be purchased;
- The price(s), including taxes;
- Delivery costs and arrangements;
- How long the price will stay valid;
- The rights of the purchaser to cancel the order;
- If a service is being procured, then the duration of the commitment and any future costs;
- That the contract in law is between the school and the supplier, not between the individual and the supplier.

The preferred payment method is to request that an invoice is issued by the supplier, for payment once the goods have been received. However, many suppliers will only accept payment by debit/credit card. In this case the school purchasing card may be used (see section headed “Debit/Credit/Charge/Purchasing Cards” below).

Payment card details should **not** be saved on any website for future use, and it is paramount that online payments are undertaken using a secure method (i.e. SSL). Visible proof of this will be a message appearing in a small window indicating that the transmission is to take place over a secure line, and can also be evidenced by a small closed padlock icon on the bottom row of the browser screen and/or the internet address starting with <https://> (the s denoting a secure link). Alternatively the website should display the “TrustUK” symbol.

A copy of the order, together with prices and the budget to which the goods should be charged must be passed to the office.

### **Receipt of Goods / Services**

A detailed check must be made of the goods received against the delivery note and order: this should normally be completed within 1 working day of delivery by any member of staff expect the person who raised the original order.

Any discrepancy must be recorded and raised with the supplier without delay. Once checked the delivery note should be filed with the official order, with a record of any returns / shortages.

If a budget holder is pursuing a query with a supplier the Finance Officer must be informed of the query and periodically updated with progress.

If the delivery paperwork includes the invoice, then this must be forwarded to the school office immediately.

For purchases made using a debit / credit / charge / purchasing card, satisfactory receipt of the goods must be confirmed on the expenditure summary form.

### **Credit Notes**

Credit notes should be offset against the invoice to which the credit note relates, ensuring that it is coded to the appropriate cost centre / ledger code.

### **Invoice / Payment Processing**

All invoices should be forwarded to the school office immediately upon receipt. The Finance Officer will then arrange payment ensuring:

- The invoice is arithmetically correct;

- The goods / services have been received;
- The goods / services are as ordered;
- The prices are correct;
- The invoices is posted to the correct cost centre and purchase ledger code;
- The invoice is authorised for payment;
- The VAT is treated correctly.

Authorisation for payment may be evidenced by:

- Invoice signed by the budget holder;
- Order signed by the budget holder and checked delivery note showing that all goods have been received;
- Cheque / BACS Run Report for a batch of invoices, signed by the Head Teacher, with invoices individually ticked off.

## **Cheques**

All cheque books and/or pre-printed cheques must be stored securely.

Two signatures are required on all cheques. Where the value of the cheque is over £5,000 one of the signatories must be a governor (See Appendix A).

Cancelled cheques must be retained.

## **BACS Payments**

Payment by BACS is quicker, more secure and more cost-effective than payment by cheque.

Care must be taken to ensure the correct supplier bank details are entered onto the finance system, as provided by the supplier. It is not common for companies to change their bank account details, so any instruction of this nature should be treated with caution, and details only updated once the school is confident that the correct details have been provided.

A BACS Run Report should be printed and authorised before the payment file is created / uploaded to the bank.

Online authorisation of BACS payments will be subject to the bank mandate. Staff entitled to authorise a payment will be issued with an authorisation card which must be stored safely by the card holder. Cards and card readers must be stored separately.

## **Direct Debits**

Direct Debits may be used for regular payments for services provided the services are secure (i.e. rates, leases, utilities, etc).

The Direct Debit mandate should be authorised in accordance with the bank mandate, taking account of the likely value of each payment.

Details of all Direct Debit instructions, and all payments made via direct debit should be retained.

Invoices relating to direct debit payments must be subject to the same level of scrutiny as all other invoices. In the case of utility invoices, local meter readings should be taken monthly and used to ensure that any estimated readings used on the invoice are reasonable.

## **Debit / Credit / Charge / Purchasing Cards**

The local governing body shall determine whether their school will use such cards, taking into account the potential risks, and shall also determine any spending limit that shall apply. Copies of all application forms for cards shall be retained with the bank mandate.

Credit card, charge card and purchasing card accounts must be settled in full on a monthly basis to avoid infringing academy borrowing restrictions.

The Finance Officer shall control the use of the cards, and will oversee the following:

- Cards will be stored in the school safe at all times, except when officially issued to an authorised user;
- Any spending limit must not be exceeded;
- Cards must be signed out by the user immediately before use and signed back in immediately after use (or as soon as practicable) by a member of the office staff (if the card has been used by a member of office staff then a different person must sign the card back in);
- An expenditure summary form must be completed for each transaction, and all receipts / online order confirmations attached. Where VAT has been paid VAT invoice / receipt must be obtained;

## **Petty Cash**

Schools may maintain a maximum cash balance of **£300**, to be kept in the school safe and administered by the Finance Officer.

Deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference (i.e. the cheque number) relating to the payment. All other cash receipts must be paid directly into the bank.

In the interests of security petty cash payments will be limited as details in Appendix A. Higher value payments should be made by cheque directly from the main bank account.

All petty cash claims should be supported by a receipt (VAT receipt where applicable)

The Finance Officer is responsible for ensuring that all transactions are entered into the petty cash records on a regular basis, and regular cash counts should be undertaken to ensure that the cash balance reconciles to supporting documentation.



## **Payroll and Governor Remuneration**

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Payroll processing is outsourced to Leicestershire County Council, under a comprehensive service level agreement, which includes ensuring compliance with all requirements of the relevant pension schemes.

The payroll provider is responsible for calculating all deductions from pay, in compliance with current legislation including tax, national insurance contributions and pensions.

## **Changes to Payroll Information / Staffing**

Employee records are maintained by the Finance Officer, with all additions and changes requiring authorisation by the Head Teacher before they are released by secure electronic transfer to the payroll provider. The Finance Officer is responsible for ensuring that details are released to payroll in a timely manner, taking account of monthly cut-off dates.

Claim forms for additional hours, and notifications of other adjustments to pay will be completed on a monthly basis, as authorised by the Head Teacher prior to being submitted to the payroll provider.

### **Payroll Reports and Reconciliation**

After the payroll has been processed, but before payments are dispatched, monthly payroll reports detailing all amounts payable will be received from the payroll provider. The Finance Officer is responsible for ensuring that this information is reviewed and reconciled to all claim forms and other adjustments on a monthly basis, where possible in advance of the payment being released.

Details of payroll information shall be entered onto the accounting system on a monthly basis, with postings made to the payroll control account and to individual cost centres.

All salary payments should be made by BACS, other than in exceptional circumstances.

### **Pay Policy**

The Academy Trust maintains a separate pay policy, to which each school appends any local determinations (e.g. TLR values, pay range for leadership posts, etc). This is reviewed annually.

### **Governor's Remuneration**

The role of Governor is voluntary and therefore no individual shall receive any form of payment in respect of their Governor duties.

Where Governors incur financial costs in fulfilment of their duties they may claim a reimbursement of reasonable expenses in the following circumstances:

- Travel costs incurred for training / meetings not taking place at The Meadow CP School, where the costs exceed the cost of travelling to / from the school. Wherever possible, Governors should attend off-site events at the nearest available venue, taking account of suitability of times, etc.
- Other incidental costs incurred in fulfilment of Governor duties (e.g. childcare)

Mileage claims will be paid at rates approved by the Inland Revenue. For all other expenses the claim must be supported by receipts.



## **TAX**

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### **VAT**

Operating a state funded school is a non-business activity for VAT purposes (outside the scope of VAT).

Other activity, not related to the core purpose of state education, is considered "business activity", and is likely to be a combination of tax exempt business activity and taxable business activity.

Academy Trusts must register for VAT where the value of their taxable business activity exceeds the VAT registration threshold on a rolling 12 month period. Financial controls should be put in place to ensure that total taxable supplies are monitored and compared to the VAT threshold.

The value of taxable business activities across the OWLS Academy Trust falls well below the VAT registration threshold, and therefore the Trust has elected **not** to register for VAT. Levels of taxable business activity will be monitored annually during the preparation of the annual accounts, and action taken to register for VAT should this become a requirement.

Academies are able to reclaim VAT on their educational activities, via a VAT 126 form. Adjustments must be made to the total amount of VAT reclaimed to reflect any expenditure on other (non-business) activities. (e.g. staff meals, expenditure associated with lettings, etc). The advice of the Trust's accountants should be taken regarding how this adjustment should be calculated.

VAT receipts must be obtained for all transactions where VAT is incurred, showing:

#### Invoices up to £100 (gross)

- Date of supply;
- Supplier's name, address and VAT registration number; and
- A description sufficient to identify the goods/services supplied

#### Invoices over £100 (gross)

- Date of supply;
- Supplier's name, address and VAT registration number;
- A description sufficient to identify the goods/services supplied;
- An identifying number and date;
- The customer's name and address;
- The type of supply (i.e. sale, rental, etc);
- Quantity and amount payable (excluding VAT) for each description;
- Rate of any cash discount offered; and
- Rate and amount of VAT charged.

### **Self Employed**

All payments to individuals should normally be made through the payroll system, except if:

- The payment is for reimbursement of receipted expenses;
- The payment relates to payment of mileage claims where the rate to be paid is below the threshold set by the Inland Revenue;
- The individual is self-employed and can prove that they are registered with the Inland Revenue. Self-employed people should also sign a statement agreeing that they will declare all payments from the school to the Inland Revenue. The school should also satisfy themselves that their relationship with the individual is indicative of self-employment, using the employment status tool available at [www.gov.uk/guidance/employment-status-indicator](http://www.gov.uk/guidance/employment-status-indicator)
- Individuals working through their own company will be subject to additional checks to ensure compliance with the IR35 regulations.



## **Income**

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### **Sources of Income**

The main source of income for schools across the Trust are the grants from the DfE. Receipt of this income is monitored by the Finance Officer, who is responsible for ensuring that all grants due to the school are collected.

School may also obtain income from:

- Parents (e.g. trips, uniform sales, dinner money, etc)
- The Local Authority (e.g. High Needs funding)
- Other organisations (e.g. grant applications, donations)
- The public (e.g. lettings)

### **School Meals**

School meal numbers for each type of meal (e.g. UIFSM, FSM, Paid Pupil, Adult) are confirmed to the kitchen on a daily basis. Payments for school meals should be reconciled for every pupil on a regular basis, normally weekly, and appropriate action taken to recover any payment arrears.

Invoices for school meals should be reconciled against the number of meals taken.

### **Invoiced Income**

The school must nominate a member of staff to take responsibility for maintaining records of bookings for facilities (lettings) and for notifying the finance officer of the sums due from each organisation.

The finance officer will establish and maintain a sales ledger account, and produce invoices as appropriate.

### **Non-Invoiced Income (including Donations)**

Cash / cheque payments from parents (e.g. trips) should be forwarded promptly to the school office. A receipt will be produced for all payments made. Office staff will maintain an up to date record for each student showing the amount paid (including online payments) and any amount outstanding. All payments received will be entered on the system as income against the specific trip / service in order that the overall cost to the school can be monitored. Where online payment systems are used, any receipt mechanism included within the system will be deemed sufficient.

Other non-invoiced income in the form of cash/cheques will be receipted. A remittance advice (or similar verification) should be obtained in respect of any income received directly into the school bank account.

### **Cash Handling**

Cash handled by any staff, other than those in the school office, must be kept secure and passed to office staff as soon as possible. Office staff are responsible for ensuring that cash is not left unattended at any time unless it is securely locked away.

Office staff must be aware of insurance limits and ensure that the amount of cash on site does not exceed these limits at any time.

### **Cheque Handling**

Cheques should be paid into the bank promptly

### **Debtors**

Details of payments made and outstanding accounts will be maintained by the Finance Officer, and they, with assistance from office staff and (if necessary) the Head Teacher, will be responsible for chasing outstanding debts and ensuring no further use is made of the facilities unless payment has been made.

Any cases of persistent bad debt should be referred to the Governors, who may authorise referral to a debt collection agency or the Small Claims Court.

Authority to write off debts is documented in the scheme of delegations (Appendix A).

DfE approval must be obtained if debts to be written off are above 1% of annual income or cumulatively more than 5% of total annual income in any one financial year, per category of transaction.

## **Charging and Remissions**

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Each school shall maintain a separate charging and remissions policy reflecting the general principles of the Education Act, which identifies activities for which:

- Charges will not be made;
- Charges will be made;
- Charges may be waived

## **Cash Flow**

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The Finance Officer for each school should prepare a cashflow forecast, and monitor actual cash flow on a monthly basis, to help ensure that the bank account remains in credit at all times.

## **Reserves and Investments**

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### **Reserves**

Schools should always aim to match income with expenditure in the current year and should only carry forward reserves that are considered necessary for future years' expenditure. This will include funds set aside for replacement of capital items, such as ICT infrastructure or premises development, and allowance to cover the principle risks facing the school, including reductions in pupil numbers or school funding levels.

The amount of reserves required /held shall be reviewed and determined annually as part of the budget setting process.

### **Investments Policy**

Each school should manage 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. Where surplus cash funds are held the governors will consider options available to optimise returns whilst ensuring the investments are such that there is no risk to the loss of these cash funds.

If it is identified that the school is holding a level of cash funds that will be surplus to requirements these may be invested only in the following:

- Interest bearing accounts with:
  - Lloyds Bank
  - Natwest Bank
  - Royal Bank of Scotland
  - Barclays Bank
  - HSBC
- Treasury deposits with maturity dates that do not result in the cash funds being unavailable for longer than 8 weeks

On maturity of any investment the Finance Officer will review the level of funds that continue to be available for investment and the interest rates that can be achieved in order to optimise the benefits of any subsequent investment.

The Head Teacher shall be required to authorise the transfer of funds to any investment vehicle.



## **Financial Transfers/Support within the OWLS Academy Trust**

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The Trustees of the OWLS Academy Trust are committed to support all schools within the Trust, this may involve additional financial support to assist with cash flow.

Requests for such support should be made using the form in Appendix J

The Trust will consider each request for financial support on an individual basis and decide on the amount of an interim loan to be made available if applicable. The terms for repayment of the loan will be agreed by the Trust.

The amount agreed will be paid by BACs from the Trust Account.



## **Fraud**

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The OWLS Academy Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the Trust or any of its member schools has a responsibility in respect of recognising potential fraud, preventing and detecting fraud. It is the duty of all staff, governors and trustees to take reasonable steps to limit the possibility of corrupt practices and to take advice from the internal and external auditors on the adequacy of the measures taken across the Trust to ensure financial compliance.

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf (s)he acts, even if these "others" are in ignorance of the fraud. Fraud is, in fact, intentional deceit and for this reason it cannot include negligence.

Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

Corruption is defined for the purpose of this document as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the OWLS Academy Trust, its staff or governors.

Examples of acts which could constitute fraud and/or corruption include, but are not restricted to:

- Theft of cash;
- Non-receipt of income;
- Substitution of personal cheques for cash;
- Inflated travelling and subsistence claims or claims for non-existent journeys/events;
- False overtime claims;
- Payment of invoices for goods received by and individual rather than the school;
- Failure to observe, or breaches of, regulations / other associated legislation;

- Unauthorised borrowing of equipment;
- Breaches of confidentiality regarding information;
- Failure to declare a direct pecuniary or otherwise conflicting interest;
- Concealing a generous gift or reward;
- Unfairly influencing the award of a contract;
- Creation of false documents;
- Deception;
- Using position for personal reward.

If there is concern or doubt about any aspect of a matter which involves an irregularity or an ongoing investigation into a suspected irregularity, staff must refer to the Head Teacher.

Any instance of fraud or theft committed against the Academy Trust or any member school will be addressed in accordance with the Anti-Fraud Policy.



## **Inventories and Assets**

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### **Fixed Asset Register**

Each school within the Trust will maintain a fixed asset register. The aim of a fixed asset register is to:

- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- Manage the effective utilisation of assets and plan for their replacement;
- Assist the external auditors to draw conclusions on the annual accounts and the academy's financial system; and
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

The fixed asset register shall consist of a list of items (or specific groups of items purchased within the accounting period) valued over £5,000 that are considered to have a life longer than the financial year they were purchased in. Capitalised assets are not necessarily bought on one order; so long as a group of items is purchased within the same accounting period they may be capitalised.

Fixed assets are categorised as follows:

- Land and buildings;
- Plant and machinery;
- Furniture and equipment;
- Computer equipment and software;
- Assets under construction

The asset register should, as a minimum, include the following information:

- Asset description;
- Serial number (if applicable);
- Date of purchase (where purchased after academy conversion date);
- Asset cost;
- Source of funding (if purchased after conversion (% of original cost funded from DfE grant and % funded from other sources);
- Current book value (if applicable);
- Location.

All working papers for the purchase of assets, including invoices, will be retained for at least 7 years.

### **Inventory**

The inventory is an extended version of the Fixed Asset Register, including the same information but for all items purchased with a value over £250, and desirable portable items of lower value.

Physical counts should be undertaken annually against the inventory register and the evidence presented to the Governing Body. Discrepancies between the physical count and the registers should be investigated promptly by the head teacher and any discrepancies over the value of £500 should be reported to the Governing Body

### **Depreciation**

Non-current assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset. Depreciation will be calculated on an annual basis for preparation of the year end accounts, in accordance with advice and guidance from the Trust's accountants.

### **Disposal of Assets**

Items which are to be disposed of by sale or destruction must be authorised for disposal by the head teacher and finance officer and, where significant, should be sold following competitive tender. Where the asset to be disposed of carries an amount (cost less accumulated depreciation) above £500 the disposal must be approved by the Finance Committee.

If computer equipment is disposed of, licences for software must be legally transferred to the new owner. Pecuniary interests must also be considered at all times.

All disposals of assets on the fixed asset register or the inventory register should be recorded on the relevant register.

The requirements of the funding agreement with the Secretary of State will be adhered to when considering the disposal of a capital item.

Funds obtained by the sale of surplus assets shall be identified in the school accounts and be accessible for audit.

### **Loan of Assets**

Items of school property must not be removed from the school premises without the authority of the head teacher. It is expected that staff laptops are to be removed from the school site but they remain the property of the school.

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 will therefore be kept under review and any potential benefits discussed with the auditors.

### **Security**

Higher value items should be appropriately security marked and securely stored securely when not in use.



The Head teacher is responsible to the Local Governing Body for any unofficial school funds and is required to provide them with annual audited accounts.

## **Financial Reporting**

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As a minimum the following financial reports should be produced by each academy / the Trust:

Frequency	Report	To Whom
Annually	Statutory accounting returns	Trust Board
	School accounts	Local Governing Body
	Unofficial funds – audited accounts (where used)	Finance Committee
	Budget Forecast (School)	Local Governing Body
	Budget Forecast (Trust)	Trust Board
Monthly	Financial monitoring report	Head Teacher Most recent report to Finance Committee at each meeting
	Period end documentation	Head Teacher
	Bank Reconciliation (good practice)	Head Teacher (if carried out by SBM) or SBM (if carried out by another staff member)
	Payroll information	Head Teacher
	On Demand	Cost centre reports

## **Business Continuity and Risk Management**

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Each school within the Trust should prepare and maintain a Business Continuity Plan which includes a section related to financial matters.

## **Gifts and Hospitality**

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Ordinarily gifts and hospitality should be rejected. Small “thank you” gifts of token value (e.g. diary, mug, calendar) may be accepted.

Any gifts or hospitality in excess of £25 must be reported to the head teacher in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions, or regularly receives reimbursement from the school for items other than travel expenses.

Gifts should be refused if it is believed the giver has an ulterior motive such as the receipt of a more prompt service or preferential treatment.

Gifts or hospitality should never be accepted from anyone who is, or may be in the foreseeable future, tendering for any contract with the school, seeking employment with the school or is in dispute with the school, even if the intended recipient is not directly involved in that service area.

Where items purchased for the school include a “free gift”, such a gift should either be used for school business or handed to the head teacher to be used for charity raffles.

In relation to conventional hospitality (lunches, outings, tickets, etc), then provided these are reasonable in the circumstances then they may be accepted (for example, where lunch is included on a training course, or overnight accommodation included as part of a conference / event some distance away). However, they may not be accepted where there is no reasonable business justification for doing so, where an invitation is disproportionately generous, or where the invitation could be seen as an inducement to affect a business decision.

If there is any doubt about the acceptability of any gift or offer of hospitality the head teacher must be consulted.



## Appendix A: Limits of Financial Delegation

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The limits of financial delegation stated here reflect the maximum limits approved by the Board of Trustees. Local Governing Bodies may determine lower limits should they feel this to be appropriate, recording their decision as an addendum to the school's Finance Manual.

### Academy Trust

#### Authorisation Limits

##### Expenditure Limits

Executive Head Teacher	Up to	£ 5,000
Board of Trustees	Over	£100,000

##### Cheque Signatories

Two signatories	Up to	£ 5,000
Chair or Vice-Chair of Trustees plus one other signatory	Over	£ 5,000

##### BACS Authorisation

Two signatories	Up to	£ 5,000 (per recipient)
Chair or Vice-Chair of Trustees plus one other signatory	Over	£ 5,000 (per recipient)

##### Virement Limits

Executive Head Teacher	Up to	£ 5,000
Board of Trustees (and notify EFA if significant)	Over	£ 5,000

##### Writing Off Bad Debts

Executive Head Teacher	Up to	£ 1,000
Board of Trustees and approval from EFA		Above the amount in annual funding letter, or as per delegated limits – Academies Financial Handbook

##### Disposal of Surplus Stock, Stores & Assets (estimated value)

Executive Head Teacher	Up to	£ 250
Board of Trustees	Over	£ 5,000
Board of Trustees (and notify EFA if significant)		Freehold land & buildings/heritage assets as per Academies Financial Handbook

##### Other Monetary Limits

<u>Mileage Allowance</u>		HMRC approved rate
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## Schools with up to 250 NoR

### Authorisation Limits

#### Expenditure Limits

Site Manager (emergency minor building repairs)	Up to	£ 500
Budget Holders	Up to	£ 500 or available budget, whichever is lower
School Bursar / Business Manager	Up to	£ 5,000
Head Teacher / Head of School	Up to	£ 5,000
Chair of LGB	Up to	£ 10,000
Chair of Finance Committee	Up to	£ 10,000
Local Governing Body	Over	£ 10,000
Finance Committee	Over	£ 10,000
Board of Trustees	Over	£100,000

#### Cheque Signatories

Two signatories	Up to	£ 5,000
Chair or Vice-Chair of Governors plus one other signatory	Over	£ 5,000

#### BACS Authorisation

Two signatories	Up to	£ 5,000 (per recipient)
Chair or Vice-Chair of Governors plus one other signatory	Over	£ 5,000 (per recipient)

#### Virement Limits

Head Teacher / Head of School	Up to	£ 5,000
Local Governing Body	From	£ 5,000 to £ 10,000
Finance Committee	From	£ 5,000 to £ 10,000
Board of Trustees (and notify EFA if significant)	Over	£ 10,000

#### Writing Off Bad Debts

School Bursar / Business Manager	Up to	£ 150
Head Teacher / Head of School	Up to	£ 1,000
Local Governing Body	Over	£ 1,000
Finance Committee	Over	£ 1,000
Board of Trustees and approval from EFA		Above the amount in annual funding letter, or as per delegated limits – Academies Financial Handbook

#### Disposal of Surplus Stock, Stores & Assets (estimated value)

Head Teacher	Up to	£ 250
Local Governing Body	From	£ 251 to £ 5,000
Finance Committee	From	£ 251 to £ 5,000
Board of Trustees	Over	£ 5,000
Board of Trustees (and notify EFA if significant)		Freehold land & buildings/heritage assets as per Academies Financial Handbook

#### Other Monetary Limits

<u>Mileage Allowance</u>	HMRC approved rate
<u>Petty Cash</u>	
Maximum Cash Balance	£ 150 (except for an unusual event)
Payment Limit	£ 25 (except for an unusual event)

<u>Safe Cash / Cheque Limits</u> (as per insurance cover)	
Cash	£ 3,000
Cheques (recorded at point of receipt)	£ 5,000
Monetary Instruments (i.e. stamps, vouchers, etc)	£ 500

#### Ordering Procedures

<u>Asset Register</u>	
Capitalisation Limit	Over £ 5,000
Attractive Portable Items	Over £ 250

### **Schools with over 250 NoR**

#### Authorisation Limits

##### Expenditure Limits

Site Manager (emergency minor building repairs)	Up to	£ 500
Budget Holders	Up to	£ 500 or available budget, whichever is lower
School Bursar / Business Manager	Up to	£ 5,000
Head Teacher / Head of School	Up to	£ 5,000
Chair of LGB	Up to	£ 10,000
Chair of Finance Committee	Up to	£ 10,000
Local Governing Body	Over	£ 10,000
Finance Committee	Over	£ 10,000
Board of Trustees	Over	£100,000

#### Cheque Signatories

Two signatories	Up to	£ 5,000
Chair or Vice-Chair of Governors plus one other signatory	Over	£ 5,000

#### BACS Authorisation

Two signatories	Up to	£ 5,000 (per recipient)
Chair or Vice-Chair of Governors plus one other signatory	Over	£ 5,000 (per recipient)

#### Virement Limits

Head Teacher / Head of School	Up to	£ 5,000
Local Governing Body	From	£ 5,000 to £ 10,000
Finance Committee	From	£ 5,000 to £ 10,000
Board of Trustees (and notify EFA if significant)	Over	£ 10,000

#### Writing Off Bad Debts

School Bursar / Business Manager	Up to	£ 150
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Head Teacher / Head of School	Up to	£ 1,000
Local Governing Body	Over	£ 1,000
Finance Committee	Over	£ 1,000
Board of Trustees and approval from EFA		Above amount in annual funding letter, or as per delegated limits – Academies Financial Handbook

Disposal of Surplus Stock, Stores & Assets (estimated value)

Head Teacher	Up to	£ 250
Local Governing Body	From	£ 251 to £ 5,000
Finance Committee	From	£ 251 to £ 5,000
Board of Trustees	Over	£ 5,000
Board of Trustees (and notify EFA if significant)		Freehold land & buildings/heritage assets as per Academies Financial Handbook

Other Monetary Limits

Mileage Allowance

HMRC approved rate

Petty Cash

Maximum Cash Balance	£ 300 (except for an unusual event)
Payment Limit	£ 25 (except for an unusual event)

Safe Cash / Cheque Limits

(as per insurance cover)

Cash	£ 3,000
Cheques (recorded at point of receipt)	£ 5,000
Monetary Instruments (i.e. stamps, vouchers, etc)	£ 500

Ordering Procedures

Asset Register

Capitalisation Limit	Over	£ 5,000
Attractive Portable Items	Over	£ 250



## **Appendix B – Terms of Reference – Academy Trust Board and Local Governing Bodies**

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Please refer to the Trustees Handbook, and Governor Handbooks for each school.



## Appendix C – Financial Competency Form for Budget Holders

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Please sign to accept you have read and understood the following information relating to orders for equipment:

- Staff may order goods and services from whatever reputable source they see fit, but will be expected to take into account quality and value for money.
- An official order must be made in writing on the school’s official order form for all expenditure on goods and services initiated by the school.
- Orders must be completed in accordance with the following procedures:
  - Authorised by designated staff only;
  - Show estimated prices on the order form;
  - Send to the supplier via the Finance Officer;
  - If placed by telephone, a written copy of the order with estimated prices must be given to the Finance Officer;
  - Telephone orders should be followed up by a confirmation order by the next working day if possible.

As a budget holder you will receive periodic updates relating to your subject / department budget(s). It is your responsibility to monitor and manage your budget to ensure that you do not over spend the available funds.

Signed: .....

Name: .....

Budget(s): .....

Date: .....

 **Appendix D – Example Declaration of Business and Pecuniary Interests**

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**Name:** ..... **Position:** ..... **School:** .....

**Part A – Business and pecuniary interests**

Pecuniary interests	Name of organisation	Nature of business	Details of your interest	Date interest began
Current employment				
Businesses (of which I am a partner or sole proprietor)				
Company directorships – details of all companies of which I am a director				
Trusteeships and governorships – details of all educational institutions and charities of which I am a trustee				
Membership of professional bodies, membership organisations, public bodies or special interest groups of which I am a member and have a position of general control or management				
Any other conflict				

**Part B – Relationships between school staff, members and trustees of the governing body**

Personal interests	Name	Nature of Relationship	Organisation	Nature of the interest
Close family relationship you have with the academy trust members, trustees or employees			n/a	n/a
Company directorships or trusteeships of family/close connections to you				

To the best of my knowledge the information supplied above is correct and complete. I understand that it is my responsibility to declare any conflict of interest/loyalty, business or personal that relates directly or indirectly, to myself or any relation in any contract, proposed contract or other matter when present at a meeting at the school where such contract or matter comes under consideration. I understand that I must withdraw from any meeting during the discussion of such contract or matter and must not vote in respect of it.

I agree to review and update this declaration annually.

**Signed:** .....

**Date:** \_\_\_\_\_

## **Guidance notes**

In the declaration, you must provide details relating to:

- Your ownership or partnership of a company or organisation which may be used by the trust/school to provide goods or services;
- Goods or services you offer which may be used by the trust/school;
- Any close relationship you have to someone who satisfies either of the above;
- Any close relationship you have to someone who is employed by the trust/school, is a trustee or member.

Declaring your conflicts of interest is a legal requirement. If you have no interests to declare you must submit the form with a 'NIL' return.

## **Business interests**

A business interest is the involvement of an individual or their family members in any trade or profession, along with any direct interest they may have in any company providing goods or services to the school.

## **Pecuniary interests**

It is a common misconception that pecuniary interests are the same as business interests; however, pecuniary interest is a wider term. Pecuniary interests include personal financial interests, such as involvement in a trust fund or investment, as well as potential interests, for example, where a member of staff's husband is applying for a vacancy in the school or where a staff governor is involved in the decision over the promotion of a colleague, or where they may be a potential candidate for the post made available.

Generally, governors should not participate in any discussions in which they may directly or indirectly benefit from a pecuniary interest. A direct benefit refers to any personal financial benefit and an indirect benefit refers to any financial benefit you may have by virtue of a relationship to someone who stands to gain from a decision of the governing board. Both direct and indirect interests must be declared.

## **Non-pecuniary interests (Conflicts of loyalty)**

There may be a non-pecuniary interest whereby the governor does not stand to gain any benefit but a declaration should still be made. For example, this might be where a governor has a family member working in the school. While the governor might not benefit personally, their judgment could be impaired if something was brought up that would affect the family member.

## **Unforeseen conflicts of interest**

It is acknowledged that interests may not always be clear in advance. Any individual governor who may have an interest in a matter, which is due for discussion at a meeting, should declare it at the beginning of the meeting. Any such statements should be formally recorded within the minutes of that meeting. As such, declaration of interests should be a standard agenda item at every meeting (governing body and committee meetings).

## **Responsibility for maintaining the register**

The clerk to the governing body will normally be asked to maintain a register of pecuniary and business interests. However it is the responsibility of each individual governor to declare their interest and the chair of governors has the overall responsibility to ensure that all governors complete/update it.

Governing bodies must maintain a register on the school's website.



## Appendix E – Financial Calendar

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September - November	<ul style="list-style-type: none"><li>• Preparation of accounts for previous financial year</li></ul>
November - December	<ul style="list-style-type: none"><li>• Presentation of accounts to Local Governing Body / Academy Trust Board</li></ul>
December	<ul style="list-style-type: none"><li>• Accounts for previous financial year submitted to EFA by 31<sup>st</sup> December</li></ul>
February - April	<ul style="list-style-type: none"><li>• Year End Journals from previous financial year entered onto FMS (as advised by accountants)</li></ul>
March	<ul style="list-style-type: none"><li>• GAG for next financial year received from EFA</li></ul>
March - May	<ul style="list-style-type: none"><li>• Preparation of draft annual budget for next financial year and medium term budget plans for at least the next 3 years.</li></ul>
April - May	<ul style="list-style-type: none"><li>• Preparation of Budget Forecast Outturn Report for Trust submission to EFA by mid May.</li></ul>
June	<ul style="list-style-type: none"><li>• Presentation of draft annual budget to finance committee for agreement, then to full Local Governing Body and Academy Trust Board for Approval (to be minuted)</li></ul>
July	<ul style="list-style-type: none"><li>• Submission of budget forecast to EFA by 31<sup>st</sup> July</li></ul>
August	<ul style="list-style-type: none"><li>• Budget plans entered onto FMS for next financial year.</li></ul>
Year round	<ul style="list-style-type: none"><li>• Ongoing budget monitoring</li></ul>



## Appendix F – Forms of Tender

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There are three forms of tender procedure: open, restricted and negotiated, dependent on the circumstances:

- **Open Tender** is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Officer how best to advertise for suppliers, e.g. general press, trade journals or to identify all potential suppliers and contact them directly if practical. This is the preferred method of tendering as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender** is where suppliers are specifically invited to tender, and is 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 school's requirements;
  - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering
- **Negotiated Tender** is where the terms of the contract may be negotiated with one or more chosen suppliers, and is only appropriate in specific circumstances where:
  - The above methods have resulted in either no or unacceptable tenders;
  - Only one or very few suppliers are available;
  - Extreme urgency exists; or
  - Additional deliveries by the existing supplier are justified.

### Preparation for Tender

Full consideration should be given to

- The objective of the project;
- Overall requirements;
- Technical skills required;
- After sales service requirements;
- Form of contract.

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

### Invitation to Tender

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

- Introduction / background to the project;
- Scope and objectives of the project;
- Technical requirements;
- Implementation of the project;
- Terms and conditions of tender; and
- Forms of response.

## **Aspects for Consideration**

To be read with direct reference to the school's Best Value Policy:

- 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;
  - Is there scope for negotiation?
  
- Technical / Suitability
  - Qualifications of the contractor;
  - Relevant experience of the contractor;
  - Descriptions of technical and service facilities;
  - Certificates of quality / conformity with standards;
  - Quality control procedures;
  - Details of previous sales and references from past customers.
  
- Other Considerations
  - Pre-sales demonstrations;
  - After sales service;
  - Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts, etc.

## **Tender Acceptance Procedures**

Tenders should be submitted in plain envelopes clearly marked to indicate that they contain tender documents. Tenders may also be e-mailed to the school e-mail address (i.e. not to a named individual). Tenders received after the submission deadline should not normally be accepted.

## **Tender Reviewing Procedures**

All tenders submitted should be reviewed, in accordance with the Procurement Policy, at the same time and the tender details should be recorded.

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.

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

Full records should be kept of all criteria used for evaluation. The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.



## Appendix G – Non-Business and Business Activity

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Operating a state funded school is a non-business activity for VAT purposes (outside the scope of VAT).

Other activity, not related to the core purpose of state education, is considered “business activity”, and is likely to be a combination of tax exempt business activity and taxable business activity.

Academy Trusts must register for VAT where the value of their taxable business activity exceeds the VAT registration threshold on a rolling 12 month period.

### Overview of likely income streams

Non-Business DfE grant income provided to Academies for the provision of free (non-fee paying) education and closely related supplies qualifies to be treated as non-business income and outside the scope of VAT. Supplies of examination services (setting and marking exams or assessments) for a fee are VAT exempt. Goods and services closely related to the provision of education, and sold to the pupils at or below cost are non-business and thus outside the scope of VAT (e.g. accommodation, catering, transport, school trips).

### Other Income

Academies may have “business” income which may be subject to VAT at the standard rate (20%), zero rate (0%) or exempt from VAT in some cases. The VAT liability depends on the individual circumstances of the transaction. The following items are generally deemed to be “taxable” activities:

- sales of goods from school shops;
- sales from vending machines;
- sales of school uniforms and sports clothing (zero rating generally applies to pupils under 14);
- supplies to staff and to non-students;
- admission charges to plays, concerts, dances, exhibitions (may be exempt if they are “fund-raising events”);
- car parking fees;
- advertising income;
- charges for catering to staff and other non-students (subject to certain criteria in relation to special needs);
- commission for allowing third-party organisations to sell goods at an educational establishment;
- photocopying;
- school photographs;
- educational consultancy fees

### School trips

School trips, holidays and sporting courses are included in the definition of education. Contributions from parents are outside the scope of VAT provided these trips are charged at or below cost. Where the school charges out at a profit, it would be subject to the Tour Operators’ Margin Scheme (TOMS). VAT is calculated on the margin rather than on the selling price, and the margin counts towards the VAT threshold of £73,000.

If the school uses a travel company, the school is acting as an agent, collecting and holding monies on behalf of the pupils. This is a complex area for VAT purposes and advice should be sought on this matter.

### School uniforms

These sales are standard rated or zero rated. A uniform sale for a school applying exclusively to pupils under 14 years, which is badged or printed with the identity of the school, is zero rated.

### School publications

Supplies of e.g. books, brochures, pamphlets, leaflets, journals etc are zero rated.

### Lettings

Generally, lettings that do not require the use of sports facilities are exempt supplies, but events involving the use of facilities such as a swimming pool are generally standard rated. There are exceptions for a series of lets. Lettings of sports facilities may be exempt from VAT if:

- a) the facilities are let for a series of sessions provided all the following conditions are met
  - the series consists of ten or more sessions
  - each session is for the same sport or activity
  - each session is in the same place
  - the interval between each session is at least a day and not more than 14 days
  - the series is paid for as a whole and there is written evidence to this effect
  - the letting is to a school, club, association or an organisation representing affiliated clubs or associations
  - the person to whom the facilities are let has exclusive use during the sessions

or

- b) it is for a single letting of sports facilities for a continuous period of over 24 hours to the same person

or

- c) the sports facilities are let for purposes other than sport



## Appendix H – Declaration of Self Employed Person

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School:

.....

Name:

.....

Address:

.....

.....

.....

NI Number:

.....

I declare that I am registered with the Inland Revenue as being self-employed. I agree that it will be my responsibility to inform the Inland Revenue of any payment that I receive from the above school.

Signed:

.....

School:

.....



## Appendix I – BACS/Online Payment

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### **BACS/ONLINE Payments.**

The formal process for changing standing supplier bank account information must be reviewed and documented on the form below.

If a supplier contacts the school by telephone or letter advising a change of bank account details, the school should contact the supplier using a recognised telephone number for verification. Bank details will only be changed upon receipt of written confirmation.



**THE TRUSTEES OF  
THE OWLS ACADEMY TRUST**

**AND**

**Insert School Name**

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**AGREEMENT RELATING TO THE PROVISION  
OF FINANCIAL SUPPORT.**

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**Request for Financial Support**

**School Name**

**Amount**

**Reason for Request**

**Repayment Plan**

**FOR TRUST COMPLETION ONLY**

**Request Review Date**

**Request Outcome**

**Approvers**

**THIS AGREEMENT is made on \_\_\_\_\_**

For the amount of

Repayment Date

**BETWEEN**

\_\_\_\_\_ (“the Client”)

Signed on behalf of The Client

Name .....

Position .....

Date .....

**AND**

The OWLS Academy Trust \_\_\_\_\_ (“the Provider”)

Signed on behalf of The Provider

Name .....

Position .....

Date .....