

Together Learning Multi Academy Trust

Financial Procedures Manual



Version	1.0
Name of Policy Writer	J Kendall
Date Written	1 September 2019
Last Updated	Revised November 2020
Next Review Due (ever 2 years)	November 2024

No changes

CONTENTS:

1. PURPOSE OF THIS DOCUMENT

2. FINANCIAL MANAGEMENT STRUCTURE

- 2.1 Members
- 2.2 Board of Trustees
- 2.3 AF&R Committee (Audit, Finance and Risk)
- 2.4 Executive Leadership Team
- 2.5 Local Governing Committee
- 2.6 Academy Headteachers
- 2.7 Academy Finance and Business Managers
- 2.8 Register of Pecuniary and Other interests
- 2.9 Register of Interests

3. FINANCIAL PLANNING

4. FINANCIAL REPORTING

5. FINANCE SYSTEMS & PROCEDURES

- 5.1 Accounting System
- 5.2 System Access
- 5.3 Academy and Central Accounting Responsibilities
- 5.4 Transaction Processing

6. PAYROLL SYSTEMS & PROCEDURES

- 6.1 Payroll Administration
- 6.2 Payroll Payments

7. ORDERING & PURCHASING

- 7.1 Effective Procurement
- 7.2 Financial Scheme of Delegation
- 7.3 Routine Purchasing
- 7.4 Purchasing Requisitions and Orders
- 7.5 Receipt of Goods and Services
- 7.6 Return of Damaged Goods
- 7.7 Purchase Invoice Processing
- 7.8 Paying Invoices
- 7.9 Direct Debit Payments
- 7.10 New Suppliers
- 7.11 Change to Supplier Details
- 7.12 Self-employed Contractors
- 7.13 Emergency Purchases

8. CASH MANAGEMENT & BANKING

- 8.1 Account Principles
- 8.2 Single Bank Mandate
- 8.3 Credit Cards
- 8.4 Cash cards

- 8.5 Petty Cash
- 8.6 Bank Account Reconciliations
- 8.7 Control Account Management
- 8.8 Journal Authorisation

9. INCOME

- 9.1 Invoicing
- 9.2 Issuing Receipts
- 9.3 Cash Handling
- 9.4 Cash Collection Procedures
- 9.5 Bad Debt Write-off

10. VAT

- 10.1 Types of VAT
- 10.2 VAT Reimbursements

11. SCHOOL MEALS

12. ASSETS AND INVENTORIES

- 12.1 Disposing of Surplus Equipment
- 12.2 Loan of School Property
- 12.3 Capitalisation of Non-current Assets
- 12.4 Assets Transferred by Other Bodies

13. ACADEMY CONTRIBUTIONS TO TLT EDUCATION MULTI ACADEMY TRUST

14. INSURANCE AND RISK MANAGEMENT

- 14.1 Risk Management
- 14.2 Internal Audit

Appendix

- A. Scheme of Financial Delegation – Authorisation levels

1. PURPOSE OF THIS DOCUMENT

The board of trustees (“the board”) of Together Learning Multi Academy Trust (“TLT/the trust”) recognise their responsibility to ensure the financial affairs of TLT are managed in a competent and professional manner, and are compliant with:

The Academies Handbook (current edition)

The Accounts Direction (relevant edition for reporting year)

The Master (MFA) and Supplemental (SFA) Funding Agreements of the trust and its academies

This procedures manual outlines the overall responsibilities of the board to deliver value for money, financial control, propriety, regularity, accurate and complete financial reporting, as well as sound financial planning to demonstrate ongoing sustainability for the trust and its academies. The manual is applicable for all academies and TLT’s central function, and aims to clearly define and document effective financial controls and procedures for the TLT family of schools. It sets out the expectations for financial compliance.

The board must ensure that there are adequate internal controls in place. There are a number of controls that should be applied by the board. In practice, these will be delivered through clearly delegated levels of responsibility to:

- Members of the trust
- Board of Trustees
- AF&R Committee (finance, Audit and Risk)
- Executive Leadership Team
- Local Governing Bodies
- Headteachers
- Academy Finance Managers and Business Managers

The board will consider:

- Staff expertise
- Segregation of duties
- Documentation and audit trail
- Register of pecuniary and other interests
- Financial accounting systems and records.

2. FINANCIAL MANAGEMENT STRUCTURE

In order to meet the financial management and internal control objectives outlined above and its wider responsibilities to the Department for Education, TLT’s finances will be managed within the following organisational structure:

2.1 Members

Members define the object, purpose and ethos of the trust, can direct the board where required to ensure those elements are met, appoint members and trustees, dismiss members and trustees, amend the Articles of Association, and appoint external auditors.

2.2 Board of Trustees

The board has overall responsibility and ultimate decision making authority for all the work of the trust, including establishing and running of schools and in particular each academy as a school. This

is largely exercised through strategic planning and the setting of policy, holding the Executive Leadership Team to account, and the oversight of financial control. Trustees' main responsibilities include:

- Appointing the chief executive officer
- Approving a written scheme of delegation, and reviewing it annually
- Approving annual terms of reference for each sub-committee
- Ensuring that the all DfE grants are used for the purposes intended
- Approving the annual budget
- Approving the audited financial statements
- Appointment of Headteachers and the Executive Leadership Team
- Establishment of a AF&R Committee (Finance, Audit and Risk).
- Authorising financial transactions above £150,000 (excluding salaries).

2.3 AF&R Committee (Finance, Audit and Risk)

The AF&R Committee is a sub-committee of the board, with terms of reference agreed annually and approved by the board. The chair of the AF&R Committee and the committee's other members will be trustees, and will be appointed by the board. The chair of the board will not be a member of the AF&R Committee. Its main responsibilities include:

- Exercising powers and duties delegated to it by the board
- Reviewing the annual budget and recommending it to the board
- Authorising financial transactions over £150,000.
- Review the effectiveness of the systems of internal control
- Review the effectiveness of systems to assess and manage risk
- Recommend to the board a programme of internal audit
- Review the effectiveness of the external auditor.

A Pay committee, comprising of trustees and members, will be appointed by the chair annually, and is responsible for setting rates of pay for senior staff, approving performance related pay recommendations from the CEO, and approving annual inflation increases to staff pay.

2.4 Executive Leadership Team

The Executive Leadership Team is made up of the chief finance officer (CFO) and academies' headteachers, working under the direction of the chief executive officer (CEO). Other staff members may work with the Executive Leadership Team as determined by the CEO. The CEO is the accounting officer (AO) and is responsible to the board of trustees for ensuring regularity, propriety and compliance, and for the economic, efficient and effective use of resources (i.e. ensuring value for money), and administration of the financial affairs of the academies. The CEO authorises financial transactions up to £100,000 and must approve all Headteacher/Central Staff salary amendments.

The CEO delegates responsibilities for day-to-day financial matters to the Headteachers and CFO including:

- Authorising financial transactions up to £50,000 (up to £10,000 for Primary Headteacher)
- Managing the operation of a suitable accounting system
- Establishing a regular framework of financial review at the individual academy level including regular meetings with academy finance and business managers
- Reporting TLT's financial position at a strategic and operational level.
- Establishing an effective system of internal control
- Ensuring the annual accounts are properly presented and supported by financial records
- Ensuring financial returns are sent to ESFA

2.5 Local Governing Committee

A local governing committee (LGC) or an interim governing committee (IGC) will be appointed by the board at each academy and will have responsibilities assigned to it via the scheme of delegation which will include:

- Oversight of the day-to-day operation and performance of the academy
- Being responsible for the academic performance of the academy
- Ensuring the academy is conducted in accordance with its ethos and values
- Recommending the academy's annual 3 year budget to the board.
- Reviewing the academy's annual budget and performance against it
- Maintaining the academy's building and facilities
- Recommending an annual admissions policy to the board
- Appointing and managing all staff at the academy (except Headteacher)
- Reviewing and recommending to the board the academy's curriculum

2.6 Academy Headteachers

Each academy will have a headteacher, appointed by the board in consultation with the CEO and LGC. The LGC will delegate certain powers and functions to the headteacher including:

- The internal organisation, management and control of the academy
- The implementation of all policies at the academy and compliance with finance procedures
- The direction of teaching and learning at the academy
- Reviewing income and expenditure (I&E) reports and taking action to address variances
- The appointment, performance review, conduct and wellbeing of all academy employees
- Certifying payments and approving monthly payroll.

2.7 Academy Finance and Business Managers

Each academy will appoint a school business manager/administrator or finance manager to assist the headteacher in the delegation of their duties. Key responsibilities will include:

- Preparing the draft and final three-year budget for approval by the headteacher prior to approval by the LGC and then the AF&R Committee.
- Ensuring that monthly reconciliations of all ledgers on the accounting system are completed to ensure academy income and expenditure accounts are completed accurately and timely
- Completing monthly reconciliation of payroll.
- Ensuring the academy's financial procedures are applied in full
- Submitting monthly returns to the CFO
- Submitting periodic reports to the headteacher and highlighting areas of significant variance for the budget

Full details of responsibilities and delegated powers are attached in the Scheme of Delegation – attached at appendix A.

2.8 Register of Pecuniary and Other Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all trustees, local governing committee members, the Executive Leadership Team, headteachers, and all academy staff with significant financial or spending powers (budget allocations above £2,000) are required to declare any financial interests they have in companies or individuals from whom the

academy may purchase goods or services. The register is open to public inspection and trustees' interests must be displayed on the board's website.

The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of pecuniary and other interests does not, of course, detract from the duties of board members, local governing committee members, and staff to declare interests whenever they are relevant to matters being discussed by the board or local Governing Committee or any duly established committee. Where an interest has been declared, those involved should not attend that part of any committee or other meeting.

The register of declarations will be held at each academy and it is the board and each LGC's responsibility to keep these declarations up to date and a full review must be completed annually.

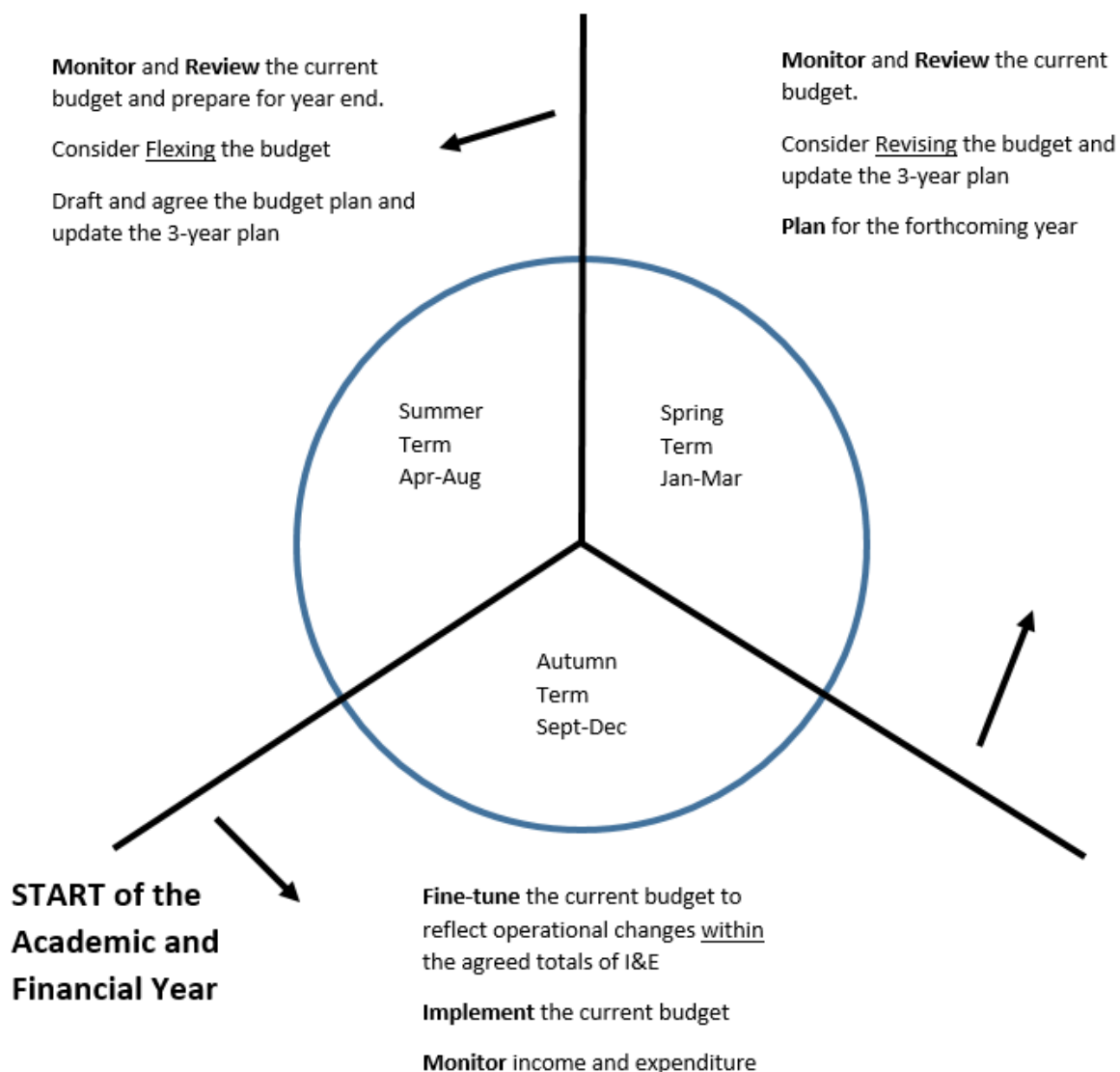
3. FINANCIAL PLANNING – THREE YEAR BUDGET

The drafting, approval, monitoring, reviewing, flexing and revising of the three-year budget is the critical element of financial planning, and the trust and each academy must have a three-year budget and must report to the LGC and board on its performance against that budget. This is the key to effective risk control against financial failure.

Each academy must:

- Produce and maintain a 3-year budget plan detailing estimates of planned income and expenditure, where planned expenditure does not exceed budgeted income in any one year, unless approval is authorised by the board to use reserves for a specific purpose over specific and limited time
- Agree the budget and 3-year plan with its headteacher and LGC and submit this to the CFO for consolidation into the trust budget before 30 June or within DFE guidelines
- Make any adjustments to the budget as determined to be necessary by the CFO, CEO, AF&R Committee, or board of trustees.
- Keep the CFO informed of any known changes to an academy's operations or cost base that could significantly and adversely affect the in-year budget or three-year plan.
- Constantly review its financial performance against the in-year budget and constantly review its three-year plan
- Formally review its budget and three-year plan termly, making recommendations to the AF&R Committee to flex and revise the budget if necessary, and implementing such changes only if approved by the board of trustees.
- Ensure the latest budget is loaded onto the accounts system and used for all financial transactions and reporting.

Annual Budget Cycle



The multi academy trust must:

- Agree a consolidated annual budget for the next academic year, and consolidated three-year plan projection, before mid-July each year and within deadlines as determined by the ESFA's annual academies planning calendar.
- Approve this budget at the last board meeting of the academic year
- Review the budget and three-year plan at each AF&R Committee and agree any changes which must be subsequently approved by the board

4. FINANCIAL REPORTING

Each academy and the trust must continuously monitor its income, expenditure, financial position and cash flow, by regular review of accurate financial data produced, at least monthly and reported as follows

At school level:

- At least monthly reconciliation of the bank, completed by a member of the finance team and checked by the finance manager or one other competent individual, all records to be retained.
- Monthly checks of all control accounts on the trial balance (bank, creditors, debtors, VAT, payroll holding) and closure of periods, completed by the finance/business manager of secondary schools or central team for primary schools.
- Minimum of Bi-monthly report by cost centre detail, showing budget/actual/committed and remaining values, to budget holders (who may ask for similar reports at any time and/or review their own budget areas using the online finance system, if available).
- Good practice to issue a monthly report by cost centre summary to the headteacher of all income and expenditure within the month and year to date, with all significant variances to the budget investigated to establish the cause and determine, if required, a course of corrective action.
- Monthly report to include a predicted end-of-year position from Period 8 (April) onwards.
- Termly report (from the finance/business manager to the LGC) by ledger Group and cost centre (if required), to include a summary of income, expenditure, and compared to budget, with all significant variances noted and commented upon, and recommendations made for budget changes.

At trust level:

- Monthly report from the CFO to the chair of the board/chair of finance, of trust income, expenditure, and balance sheet position, including cash flow or a suitable indicator of solvency (eg. 'quick ratio').
- At least termly finance report from the CFO to the board, giving a full review of the financial position of the trust and noting all relevant issues relating to financial performance, propriety, regulation and compliance. This report to be reviewed formally by the AF&R committee and board of trustees at each committee and full meeting, at least termly.
- Bi-monthly report to include an estimated end-of-year position from Period 8 (April) onwards.
- Provisional end-of-year report to be produced and issued to the board within six weeks of August 31st each year.

At external level

- All financial information to be reported to ESFA/DfE in compliance with the academies financial planning calendar, academies financial handbook, academies accounts direction, and as requested from time-to-time by ESFA/DfE/Companies House.

5. FINANCE SYSTEMS & PROCEDURES

5.1 Accounting system

All financial transactions of TLT trust and its academies must be recorded on the ACCESS accounting system. Each academy runs a site-specific data base over a cloud based system.

5.2 System Access

Only Authorised users have access to the ACCESS accounting system at each academy and entry to the system is password restricted. Passwords are renewed automatically every three months. Access to the component parts and configuration structures (eg. chart of accounts) of the core system is further restricted and the CFO is responsible for setting access levels for all members of staff using the system. Ledger codes (used as the principal structure for the trust's budget, transaction and reporting formats) can only be added or amended via the master data base by the CFO. Cost centres (the principal control and reporting structure for individual academies) can be added as required at each site, with best practice being to limit the number of active cost centres. Once data has been posted to a cost centre and ledger code, the cost centre or code cannot be deleted (cost centres can be renamed, and made inactive to avoid further posting).

5.3 Academy and Central Accounting Key Processes and Responsibilities

Process and responsibility

1. Processes completed by TLT central services
 - Monthly GAG income (less top slice central charge) transferred to academies
 - All other academies' DfE income (passed on in full)
 - Bank Reconciliation of the Together Learning Trust a/c (Primary academies)
 - Trust VAT returns, receipt of VAT paid and distribution back to academies
 - Monthly payroll charges and recharges to academies
 - Statutory deductions and payments to registered bodies (TPS, LGPS, HMRC, others)

2. Processes completed by individual academies
 - All academies' sales ledger and non-DfE income
 - Bank account reconciliations (secondary academies only)
 - Purchase orders, goods received, purchase invoices
 - Supplier maintenance
 - Control account reconciliations
 - BACS runs, direct debits, cheque issue
 - Payroll exceptions reports and payroll run authorisation
 - Charge ('credit') card payments and reconciliation
 - Ledger journals
 - Petty cash issue, reimbursement, reconciliation

5.4 Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this procedures manual. The underlying principle is to segregate duties wherever practical, and have all process transactions checked by a second member of finance or senior staff, to confirm the details and verify the transaction is authentic and correct, and authorised for processing. The procedures for the operation of payroll, purchase ledger, sales ledger, cash book, and control ledgers, are outlined in the following sections of this manual.

It is good practice that after all checks and authorisation of documents have been finalised the relevant documentation is scanned and attached to the appropriate record on the ACCESS accounting system. This will provide an audit trail and easy access to view documents.

6. PAYROLL SYSTEMS & PROCEDURES

6.1 Payroll Administration

All TLT employees are paid on the 15th of each month. The trust's payroll is administered by a payroll company appointed by the Executive Leadership Team under a tendered contract for services, reviewed annually and renewed at least three yearly. The payroll company will act as TLT's agents with HMRC and will make payments for all statutory deductions to the appropriate bodies including Teacher's Pension Scheme (TPS) and West Yorkshire Pension Fund (WYPF). Each year the payroll company will issue a timetable for payroll processing.

Working with Schools Ltd are the payroll company for the trust, they were successful in winning the tender for payroll services from September 2019.

All staff are paid monthly by BACS administered by the payroll company, and employees receive e-payslips into their work email account on or before 15th. The payroll company will hold a file for each employee which holds authorised records of:

- Contract of employment and any subsequent changes
- Salary
- Bank account details
- Taxation status
- Pension status
- Personal details
- Any deductions or allowances payable.

Amendments to this file will be handled through each academy's HR function. Changes to contract must be authorised by the headteacher. Temporary amendments to pay (including monthly adjustments such as overtime claims, travel expenses) must be signed by the claimant and authorised by a senior manager with that responsibility delegated to him/her by the headteacher. Deductions are notified by each academy's HR function according to local leave arrangements. Access to payroll data is limited to the HR function, senior staff, and finance staff involved in payroll processing. All payroll data is encrypted when sent electronically.

6.2 Payroll Payments

All new starter, leaver, changes to contract forms and payroll claims need to be with our payroll provider, Working with Schools (WwS) no later than the first day of the month that the payroll is being run, unless agreed in advance with WwS.

Draft payroll reports ('321' report) detailing monthly salary, any amendments/deductions, are produced by the payroll company on or before the 6th of the month and sent to each academy's finance or business manager.

The manager performs a reconciliation by means of an exceptions report that compares actual pay to contractual entitlement (plus or minus any amendments) and uses a tolerance of 0.5% to identify any exceptions. It is the responsibility of the finance/business manager to resolve all exceptions by querying with the company, until all data in the payroll report is complete and accurate within the tolerance applied. Managers also confirm there are no 'ghosts' receiving payment.

On or before the payroll run deadline (usually 11th of the month) the headteacher must approve the finished and correct exceptions report of their academy, and payroll is authorised via an email from the finance/business/payroll manager to the Company.

The company's payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The bureau has been authorised by the board to make these payments on the due date by BACS. Payroll data is backed up at the payroll company daily.

7. ORDERING AND PURCHASING

7.1 Effective Procurement

The Together Learning Trust wants to achieve the best value for money from all our purchases to ensure all needs are met in terms of quality, quantity and time at the best price possible. A large proportion of our purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles propriety, accountability and fairness. The trust will:

- Establish delegated limits of expenditure for staff who are delegated budget holders
- Maintain a list of established major and regular suppliers
- Have and apply a policy that sets thresholds for competitive quotes and tendering
- Apply the principles of Best Value (4 C's) and Value For Money (3 E's)
- Ensure all staff are aware of and comply with the purchasing procedures
- Have budget holders acknowledge their financial responsibility on an annual basis

For more detailed information on procurement please see the Trust Procurement Policy

7.2 Financial Scheme of Delegation

The Trust's scheme of delegation runs in conjunction with this document, and outlines the Financial Authorisation Levels of officers at all levels of the trust – see Appendix A.

7.3 Routine Purchasing

Budget holders will be informed of the budget available to them and it is their responsibility to manage the budget and ensure that the funds available are not overspent. A print detailing actual and committed expenditure against budget will be regularly supplied to each budget holder. Budget holders may order goods and services up to £3,000 from any recognised legitimate source provided it is within their delegated budget limit.

7.4 Purchase Requisitions and Orders

Procedures for Ordering Goods and Services

1. Staff to complete a requisition sheet or email, including supplier's name, and description of product, cost and number of items required. Proprietary items – finance department may be charged with finding best source/price.
2. Delegated budget holder must approve and sign the requisition form and there must be sufficient money in the relevant budget to cover the cost of the proposed purchase.
3. The academy will only order items for school use, all items officially ordered belong to the academy.
4. Approved requisitions to be passed to the finance department for processing.
5. The finance department will check prices, terms and conditions and delivery date. It is the duty of the finance department to ensure that best prices are obtained for proprietary items.
6. The finance department will commit the order to the finance system and produce a printed order, with an official order number.
7. Each order will be authorised by a senior member of the finance or academy staff.
8. The requisition form/email will be returned to staff or a copy of the order, indicating the date the order was sent and its official order number.

9. Other than for goods and services which cannot be realistically planned and ordered (eg. utilities, supply) or in exceptional circumstances, staff cannot order or purchase items without an official order number or requisition for credit card purchases.
10. Under no circumstances at all can staff procure goods via the academies' purchasing systems for their own personal use.

7.5 Receipt of Goods and Services

Receipt of Goods

1. Delivery notes for items accepted at reception must be signed for by a member of the office team. Please annotate whether the items were checked, not checked, parcel damaged etc. For schools which have separate delivery entrances, the delivery note must be signed for by the Caretaker/member of site staff.
2. The delivery note and goods must be kept secure and passed to the department who ordered the goods.
3. Deliveries must be checked promptly by the relevant person and the delivery note annotated regarding quantity and quality of goods. The person checking the delivery must be meticulous.
4. Any discrepancies, damaged items or incorrect items must be notified to the finance department immediately.
5. The authorised budget holder or designated person should tick off and sign the delivery note as complete.
6. Payment should never be made on a delivery note.

Receipt of Services

7. Service notes should be signed by an authorised person who can be an appropriate staff member who can confirm that the service has been delivered.
8. Services must be checked promptly by the relevant person and the service note annotated regarding quantity and quality of service. The person checking the service must be meticulous.
9. Budget holder to authorise the service note and sign off as complete.

7.6 Return of Damaged, Low Quality, Surplus Items

1. Deliveries must be checked promptly to identify the quantity and quality of the items.
2. Any discrepancies must be brought to the attention of the finance department immediately.
3. The finance team will contact the supplier and arrange for the items to be collected/swapped.
4. Items to be returned must be safely parcelled and clearly marked, including the 'returns number' if one has been issued by the supplier.
5. On collection of the items, the person dealing with the transaction will sign and retain a copy of the returned goods note from the carrier.
6. The copy of the returned goods note to be passed to the finance department promptly.
7. The finance department will be aware of credit notes due as a result of returned goods and discrepancies.

7.7 Purchase Invoice Processing

1. Purchase invoices must be matched against a delivery note. In the absence of a delivery note, the budget holder must sign the invoice off as complete.
2. Invoices must relate to official orders. If this is not the case, they should not be paid unless dispensation has been made to the staff who ordered the items (refer to 7.4 Ordering Procedures, item 9)

3. Details of invoice must be checked against order commitment
4. Invoices must be checked for accuracy
5. Segregation of duties must be maintained
6. All checked and accurate invoices to be entered promptly on to the Access accounting system.
7. Suppliers' statements should be regularly reconciled to outstanding invoices
8. VAT regulations must be complied with (where applicable)
9. Academies must be aware of the Construction Industry Tax Deduction Scheme
10. Credit notes should be processed in a similar manner to invoices, and their value being set off against an invoice before payment to the supplier. Or, debtors can be asked for a cash payment.

7.8 Paying Invoices

Provided all the above checks are correct and maintaining a segregation of duties:

1. Pay authorised invoices within the terms and conditions of supply, normally 30 days from date of invoice.
2. Run BACS payment and produce a matching payment batch report.
3. Authorised person to certify the payment batch report and check supporting documentation and query items as they see fit. The authorised person will usually be the Headteacher or senior member of staff.
4. Two bank authorisers to approve each BACS run (one can be the same person as in 3 above). Authorisers must check that payment totals and the payment report are the same value.
5. The preparer of the BACS run, must not also be a certifier of the payment run, an approver of the BACS run.
6. File invoices and payment details in numerical and chronological sequence for quick reference and audit trail.
7. All documentation to be scanned onto the access accounting system and attached to the accounting entry.
8. If a BACS payment cannot be made and a cheque payment is required (very rarely). The above BAC's authorisation steps would need to be followed in the same way for cheques.

7.9 Direct Debit Payments

Suppliers that are paid by direct debit will be entered on the finance system as a Direct Debit expense, entered by one member of the finance team, checked by another member of the finance or senior management team. Supporting documentation of the cost and any VAT detail must be retained, including each direct debit set up for recurring payments, listing payment details, dates, length to run, etc. Direct debit payments must be reconciled regularly and no less often than monthly. Primary schools need to make arrangements with the central finance team, in relation to the process for entering this information onto the central bank account.

7.10 New Suppliers

Goods of material value must only be purchased from the approved supplier database.

The approved supplier database is that which currently exists on the accounts system, unless the supplier has a 'stop' notified on their account – this will be clearly displayed after their name.

New suppliers shall only be used on completion of a New Supplier Form and approved by the central team, this gives the academy reasonable assurance that the supplier is financially and ethically sound and can be expected to provide the goods at the price quoted in the time allowed.

New Supplier forms must be authorised by the senior finance officer or a delegated senior member of the academy's management team.

For new suppliers where goods will be ordered to a value above £2,000, the supplier's details will be verified by a third level of contact and credit checks may be requested. This verification needs to be recorded on the new supplier form.

7.11 Change to Supplier Details

When a current and approved supplier changes any material details, for example: address/payee/bank account, the change must be requested in writing by the supplier and verified (using a different method from the original source) by the finance/business manager. This then needs recorded on the accounting software.

A screen shot of the new details or other evidence should be retained, signed and dated by one member of the finance team and verified by another, along with the supporting documentation that notified the school of the change.

Any changes which in the opinion of the finance team are open to question, must be cross-referenced with the supplier concerned to ascertain their accuracy and legality.

7.12 Self-employed Contractors

When engaging a contractor, particularly from a small or a one-man business, their employment status should first be established. If the individual is offered terms, e.g. an hourly rate of pay and/or equipment and materials are provided by the trust, this can be regarded as an 'employment' and payment should be made via the payroll, with the appropriate payroll deductions being made.

To find out if someone is employed or self-employed, look at the Inland Revenue's website: www.hrmc.gov.uk/employment-status . If in doubt, academies should seek advice from the Inland Revenue. Evidence of this check on a supplier must be retained (IRS35 check).

If the contract is for self-employment, Academies should consider whether the work falls within the construction Industry Scheme (CIS). Further information on this scheme is available if required from the CFO.

7.13 Emergency Purchases

In some cases, emergency purchase need to be made. Particularly in the light of Covid-19. Wherever possible the purchasing procedures in this manual should be adopted, however as a minimum there needs to be at least 2 people involved in the authorisation process and financial authorisation limits need to be maintained, even if this is an emailed approval of the spend.

8 BANKING AND CASH MANAGEMENT

8.1 Account Principles

Together Learning Trust has a bank account architecture known as the Single Mandate MAT Structure, introduced specifically by Lloyds bank for the multi academy trust market. The principles of this structure are:

- Each Secondary School has its own bank account which operates autonomously for receipts and payments (as it did as a single academy trust or local authority school)

- The primary schools operate through the Trusts central bank account
- The central trust has an overview of all the academies' accounts and activities
- The central trust can view and report on the trust's consolidated bank funds
- There is one mandate and the trust retains control and limits new liabilities and exposure to risk and fraud

8.2 Single Bank Mandate

The mandate is in the name of the entity recognised at Companies House – Together Learning Trust. Signatories to the mandate are the CEO, CFO, Headteacher at Honley, Business Manager at Honley, Headteacher at Bolton Brow. Any changes to the mandate must be authorised by two out of five signatories. Similarly, all new DD instructions for any academy must be signed by two out of five signatories.

The trust and its academies are intended to operate without the need to issue cheques. If cheques are required, these must be signed by two out of five signatories.

8.3 Credit Cards

Each academy and the central trust will have a credit card which shall be used only to purchase goods and services online or over the telephone where necessary. One senior manager (the authorised user) in each academy is appointed to control the use of the card and will oversee the following:

- The card will be stored in the school safe at all times except when in use by the authorised user
- The spending limit on the cards are up to £2500 for primaries and up to £10,000 for secondaries)
- The card must only be used in conjunction with the core purpose of the school
- The credit card account must be cleared in full at the end of each month
- Purchase of goods and services with the card must adhere to the purchasing controls given in part 7 – ordering and purchasing.
- A review of the use of the card should be carried out on a regular basis.
- Once the statement has been processed it needs authorising by a senior member of staff (not the person reconciling the statement).

8.4 Cash Cards (not currently using)

Each academy and the central trust may have a cash card which shall be used only to withdraw cash from the bank account for petty cash reimbursement (as an alternative to processing a cheque). One senior manager (the authorised user) in each academy is appointed to control the use of the card and will oversee the following:

- The card will be stored in the school safe at all times except when in use by the authorised user
- The spending limit on the card is a cumulative maximum of £2,000 per month
- The card must only be used in conjunction with the core purpose of the school
- Withdrawals using the card are reconciled at least twice monthly
- Withdrawals are recorded as part of the petty cash procedures

8.5 Petty Cash

The use of a petty cash system is intended to permit the purchase of goods of small value for which an order has not been raised, or an invoice not received due to the nature of the goods, their urgency, or their opportunity to purchase.

The petty cash balance held is determined by each academy according to their need but must not be greater than £1,000 for Secondary and £100 for primary schools.. The limit for each individual transaction can be set by each academy, but a notional value of no more than £50 should be used except in exceptional circumstances.

Responsibility to issue petty cash and maintain a system must be assigned to a member of the finance team who will ensure:

- Deposits to the petty cash balance must only be made via a cheque cashed specifically for that purpose, or by using the academy cash card
- Records must be kept of the date and cheque number or withdrawal slip.
- Petty cash must be kept locked securely and must not exceed the agreed maximum limit. Authorised access to petty cash will be limited to no more than two delegated finance staff at each academy.
- Payments to claimants must only be made on receipt of a completed petty cash voucher, attached to a receipt.
- Petty cash vouchers must be signed by the claimant on receipt of funds
- Receipts must be authorised by the budget holder responsible for purchasing the goods
- To reclaim VAT, the correct VAT invoice must be produced and clearly show VAT has been paid
- Cash payments can only be made up to the agreed limit at each academy. BACS should be used for payments over this limit.
- Petty cash cannot be used to pay wages or subcontractors liable under the CIS scheme
- Petty cash payments must be recorded, with a consecutive reference number, and files retained for audit.
- Regular reconciliations of the petty cash account must be made by a member of the finance team, and authorised by a senior delegated manager.

8.6 Bank Account Reconciliation

- Monthly reconciliation of all bank accounts, and credit card statements and petty cash transactions.
- Include in the reconciliation all bank charges, interest and direct debit payments, ensuring they are entered on the financial software
- Reconciliations to be carried out by a designated member of the finance team.
- Reconciliations to be reviewed and authorised by a senior member of the finance team or designated senior school manager.
- Adjustments must be dealt with promptly, with a clear audit trail.
- Maintain all records in numerical sequence and chronological order for easy reference and audit requirements.

8.7 Control Account Management

- Accounts system information should be kept as up to date as possible in all ledgers to allow accurate and regular reporting to internal and external bodies
- Control Accounts should be reconciled monthly by a member of the central team and authorised by a senior finance manager or designated senior school manager.

- All discrepancies must be investigated immediately and corrective action taken with a full audit trail retained
- Supporting information to evidence each reconciliation should be retained.

8.8 Journal Authorisation

- All journals entered on the accounts system shall be prepared and entered by one member of the finance team and checked and verified by another member of the finance team.
- Any supporting information and documentation will be retained with either a printed version of the journal entry or a recorded journal number and kept in numerical and chronological order for easy reference and audit purposes.

9. INCOME

It is the responsibility of the trust's CFO to collect all grant income owed to the trust and its academies by ESFA/DfE or other central government grant-holding bodies promptly, and to ensure this is transferred to each academy promptly. In the case of payments received into the central account, the CFO must ensure payments received, top-slice retained, and payments passed on are accurate to the agreed published funding letters.

It is the responsibility of each academy's headteacher to collect any other income owed to them promptly and to pay such income into the academy's bank account on a regular basis. All income should be recognised as income on the accounts system and assigned to an income code. The main non-ESFA income will be High Needs funding and Early Years funding from the Local Authority. Other types of income could include:

- Lettings
- Educational visits
- Sales of resources to students
- Sale of assets
- Income from universities and other establishments
- Other facilities and services
- Staff absence insurance
- Catering Income
- Nursery Income

Any Payments received into the school via parent pay software (or similar) needs to be reconciled on a weekly basis and recorded on the schools accounting system, including transaction charges.

9.1 Invoicing

A sales invoice must be raised for any known non-grant income due for chargeable services. Invoices will not be raised for: ESFA/DfE/LA grant; cash collections relating to educational visits or other non-educational activities; sale of revision books, uniform and apparatus to pupils; staff absence insurance claims; other insurance claims; dinner money; miscellaneous income.

The Trust approves a 'charging and remissions' policy annually, detailing what can and cannot be charged to pupils and parents. The trust and its academies must not generate income from non-business activities paid for by funding received for educational purposes. Schools who hire out their facilities should determine annually the rates to be charged for this letting and have an appropriate lettings policy. Any chargeable activities and services provided by the trust and its academies should be:

- Self-financing in that the provision of services does not draw upon school resources at the expense of education
- Fit within reasonably well-researched market prices
- Make a contribution to fixed costs

Invoices must show:

- An identifying number and date
- Date supplied
- Academy's name, address and payee details
- The customer's name and address
- The type of supply, i.e. sale, rental, lettings, etc.
- Description to identify goods or services supplied
- Quantity and amount payable for each description
- Total amount payable
- Rate of any cash discount offered
- Payment terms and due date for payment.

9.2 Issuing Receipts

- A receipt should be printed on request for all income received.
- Receipts should satisfy the following criteria:
 - a duplicate copy is retained by the academy/trust
 - the name of the academy/trust is clearly shown
 - receipts are sequentially numbered

9.3 Cash Handling

The use of cash in Together Learning Trust and its academies should be minimised wherever possible. Cash is a risk to pupils and staff alike. Cash handled by non-finance staff must be kept secure and passed to the finance office as soon as possible.

- Cash must be banked intact; money received in the school cannot be used to cash a personal cheque
- The member of staff responsible for the trip/event must ensure that the amount collected is the amount banked, and totals agreed with the finance department at the end of the collection period.
- All cash received must be recorded on the software as income
- The insured limit for cash retained on trust sites is:

Locked in a safe	£5,000
In transit in the custody of an employee	£5,000
In any other locked receptacle	£500

9.4 Cash Collection Procedures (To be kept to a minimum)

1. Parents should send cash sealed in a labelled envelope if possible.
2. Students must hand cash in first thing in the morning or as soon as possible to designated staff, who must:

- a. Not open any sealed envelopes
- b. Put the envelopes directly into a suitable receptacle.
- c. Ensure that the receptacle is taken to the finance office promptly
3. All the receptacles must be stored securely in the finance office until the cash is counted.
4. Count cash as soon as possible after it has been received. Ideally there should be 2 persons present to ensure probity.
5. Check cash against information received on the receptacles/envelopes/organising staff member.
6. Enter the amount in the ledger or on the software. Receipts only issued upon request. Cash collected for trips is usually entered on a student payment card retained by the student.
7. Cash the money up and prepare a bank paying-in slip. Lock in the safe until banked
8. Take cash to the bank periodically to ensure insurance limits aren't exceeded.

9.5 Bad Debt Write-off

- All monies due to the trust and its academies should be collected in full at all times
- A monthly reconciliation of the Debtor Control Account should be performed by a member of the finance department and reviewed by a senior manager
- Standard terms of supply on invoices raised shall be 30 days from the date of invoice.
- Undisputed debts over 30 days old will be chased by telephone or email.
- Undisputed debts over 60 days old will be chased by letter with settlement requested within a further 30 days.
- Bad debts can be written off only when there is no economic and reasonable means of recovering the loss, and only with the following permissions:
 - £1000 at any academy and authorised by the headteacher
 - £10,000 at the trust and authorised by the CFO
 - See Appendix A for further permissions

10. VAT

10.1 Types of VAT

Business Rate Any continuing activity which is mainly concerned with making supplies to other persons for a consideration.	Standard Rate VAT is charged. Current standard rate is 20%
	Zero Rate Items subject to VAT, but currently taxable at 0%
	Exempt VAT is not chargeable
	Reduced Rate VAT is charged. Current reduced rate is 5%
Non-business Activities essentially a recreation or hobby	Outside the scope Items/activities fall outside the scope and no VAT is charged

All VAT must be recognised on the accounts system when VAT-bearing invoices are processed on the purchase and cash ledgers via an invoice, direct debit payments, credit card purchase, and petty cash. VAT can only be recorded on any trust ledger when the following ALL apply:

- There is an invoice or purchase receipt that states that VAT has been applied
- There is proof that the academy or trust has received the goods and will pay the invoice including VAT
- The document states which rate of VAT has been applied
- The document bears a 9-digit VAT registration number
- The VAT applied is arithmetically correct (with the exception of pence)

If any one of these conditions is not met, VAT cannot be entered onto the accounts system, nor can it subsequently be reclaimed from HMRC. Each senior academy finance manager is responsible for ensuring that only valid VAT entries are made onto the accounts system.

10.2 VAT Reimbursements (to investigate – we may need to register for VAT)

The trust is not registered for VAT and must not apply VAT to any of its sales invoices. VAT paid by the trust and its academies can only be reclaimed by the trust in a consolidated claim that should be made periodically, such that the academies' cash flows are not hindered by a disproportionately large VAT debtor on their balance sheet.

The periodic VAT reclaim process is:

- Academies ensure all VAT paid to suppliers is recorded correctly on the finance system
- After a month end is reconciled, a VAT126 report is run off the system by a senior finance manager to record all VAT paid by the academy in the period of that claim
- VAT registration numbers are recorded for all entries and the purchase ledger and cashbook ledger are combined into one report that reconciles with the VAT126 report total and the trial balance VAT debtor
- The VAT 126 report needs to be checked against the Access VAT report for the same period and any discrepancies corrected to ensure that the claim agrees with the VAT control account.
- The final VAT126 report from each academy is checked for accuracy by the trust central team
- A consolidated VAT126 claim is compiled by a trust senior finance manager, checked for accuracy, and submitted using HMRC's online portal.
- The VAT reimbursement is received normally within two months of submission and checked against the claim by the trust finance team
- The CFO transfers each academies' proportion of the claim to the academies' bank accounts and forwards supporting documentation to the schools.

VAT Regulations are subject to frequent change, if unsure of the VAT position contact HMRC www.hmrc.gov.uk/vat.

11. SCHOOL MEALS

The administration of the free school meals system at each academy involves:

- Maintaining an accurate and up to date list of pupils who are eligible for free school meals on the school information management system, via the local authorities' schools information service

- Having a school meals administration system capable of identifying who has a free meal and the value of that meal.
- If catering is provided by a contractor - the academy being charged a value for free school meals provided periodically that can be reconciled with its own administration system
- Where schools manage their own school meal service, they need to ensure that income is collected and recorded weekly on the Access accounting system and any non payment chased immediately.
- Any payments received through parentpay, etc need to be reconciled on a weekly basis.
- Clear audit trail on all transactions.

12. ASSETS AND INVENTORIES

Inventories should be maintained at each academy, detailing significant items held and recording any items disposed of. Significant items are any of a value and type that, should they go missing or be destroyed, would have to be replaced at significant cost. For the avoidance of doubt, significant items will not have a purchase value less than £1,000.

The purpose of inventories is to:

- Enable identification and establish ownership of equipment
- Identify missing items following burglary or other theft
- Support a claim when items are destroyed by fire

Inventories should be held by departments and updated annually. Copies should be held by a school administrator and kept in a safe, fire-proof place.

Capitalised Assets (Fixed Asset Register)

- Single items of equipment or collections of similar items bought at the same time and for the same purpose with a purchase price over £3,000 (excluding VAT) must be capitalised (if of a capital nature). Invoices for these purchases needs to be retained in a Fixed assets file for Audit Purposes.

12.1 Disposing of Surplus Equipment/Stock

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher in individual academies. Any items with a disposal value of £3,000 or over must be notified to the trust's CFO.

Disposal forms must be completed by the schools for any items disposed of which are included on the Fixed asset register and copies sent to the CFO for removal from the fixed asset register

All disposals of land must be agreed in advance with the Secretary of State.

12.2 Loan of School Property

School property should not be removed from the premises at anytime. Specific written authority to do so must be given by the Headteacher. The loanee is responsible for the security, insurance, and replacement of such item until the agreed time it is returned.

A record of all loans has to be kept and agreement to the terms and condition of the loan signed by the loanee (this applies to both students and staff)

12.3 Capitalisation of Non-Current Assets

- All assets with a purchase value of £3,000 will be capitalised in accordance with DfE asset descriptors
- Assets are usually funded by DFC and MAT Capital grants, or revenue expenditure transferred to Capital and shown as transferred funds in the SOFA
- Stated at net book value on the Balance Sheet
- Equivalent value credited to the Fixed Asset Fund
- Depreciated against the agreed policy using the straight-line method over UEL:
 - Land – not depreciated
 - Buildings – 50 years or more depending on the asset valuation
 - ICT – 3 years
 - FFE- 8 years
 - Motor Vehicles – 5 years
 - Building Improvements which add value to the Building – 20 years
- Depreciation charged in the year of acquisition, not in the year of disposal
- Depreciation will only be charged once a project has been fully completed. Work in Progress will not be depreciated.
- Disposal in accordance with Academies Handbook

12.4 Assets Transferred from LA or other donating committee

Land and buildings donated by the LA or another committee shall be transferred at their recognised book value in the committee's last set of accounts. The trusts' external auditor may ask for an independent valuation where there is doubt around the valuation of the asset

Other assets previously used by the predecessor school shall be transferred to the Academy at nil consideration, and their value be disregarded, unless the asset falls into the Trusts depreciation categories and then the asset will be transferred in at the net depreciation rate. EG if a vehicle is 2 years transferred to the academy the value on to the Fixed asset register will be the purchase price less 2 years depreciation cost. This can only be done if the original value of the asset can be proved, otherwise it will be at nil cost.

13 ACADEMY CONTRIBUTIONS TO TLT EDUCATION MULTI ACADEMY TRUST

As part of the finance strategy agreed annually by the trustees, trust academies will contribute an agreed percentage of recurrent GAG income towards the cost of the central services, infrastructure, governance and strategic guidance provided by the trust. The percentage contribution will be reviewed annually by the board.

14 INSURANCE AND RISK MANAGEMENT

The trust will maintain all risks insurance with a group policy for the insurance year 1 September to the following 31 August, co-ordinated centrally against the commonly identified risks which include (but are not limited to):

- Property Damage
- Business Interruption
- Money
- Employers Liability
- Public Liability
- Terrorism
- Profession Indemnity
- Hirer's liability
- School Journey
- Legal Expenses
- Personal Accident
- Fidelity Guarantee
- Governors/Trustees Liability
- Libel & Slander
- Motor Vehicles

The trust will review all risks annually with a centrally agreed insurance provider and at all times in the light of specialist professional advice, to ensure that the sums insured are commensurate with the risks.

It is the responsibility of each location to inform the CFO of all new risks, property equipment and vehicles, which require insurance, or of any real or potential situations which require alterations to existing insurance policies.

All locations shall display such notices regarding insurances as shall be required by statute, in particular, the statement of Employer's Liability Insurance. At no time shall any location give any indemnity to any third party without the written consent of the insurers. Each Academy will handle claims direct with the insurers. The CFO should be informed of all potential claims.

14.1 Risk Management

The board of trustees is responsible for ensuring the trust has in place a risk policy that is reviewed annually. The Accounting Officer is responsible for ensuring that an up to date risk register is maintained at trust and individual academy level, and that these are reviewed at least bi-annually by trustees. This ties in with the audit and Annual Report and Financial Statements for trustee sign-off prior to submission to the DFE by 31st December each year.

14.2 Internal Audit

The main purpose of an internal audit process is to provide the Board with assurance that:

- The financial responsibilities of the Board 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

An annual audit plan will be agreed by the AF&R Committee (FA&R) and implemented under the direction of the CFO/CEO.

Other Policies to be read in conjunction with these Financial Procedures:

- Accounting Policies
- Anti-Fraud and Corruption Policy
- Procurement Policy
- Investment Policy
- Reserves Policy
- School Charging and Remissions Policy