



Pendle Education Trust

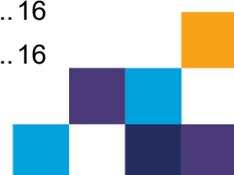
Policy/Procedure/Guideline Review

Policy/Procedure/Guideline:	Finance Manual
Senior Manager Responsible:	Chief Finance Officer
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Introduction

1. The purpose of this manual is to ensure that Pendle Education Trust (the Trust) maintains and develops systems of financial control, which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education.
2. The Trust must comply with Company Law, the Charities SORP, the latest Academies Accounts Direction and the principles of financial control outlined in the Academy Trust Handbook. This manual provides the detailed, transactional level, procedures to ensure compliance with all regulatory requirements.
3. This manual sits alongside the scheme of delegation.
4. This manual must be read by all staff involved with financial systems, processes and purchasing for the Trust. It is the responsibility of each Academy Principal to ensure that all members of their staff are made aware of the existence and content of this manual and for ensuring compliance within their academy.
5. The CFO is responsible for regular review and update of this manual to ensure ongoing compliance with all financial legal and regulatory requirements. It is their responsibility to ensure all Trust Central colleagues are aware of the content of this manual and for ensuring compliance at a Trust level.

The Trust Board is responsible for reviewing and approving the Finance Manual annually.

Governance & Organisation

6. The Trust has defined the responsibilities of each individual involved in the administration of Trust finances to avoid duplication or omission of functions and to provide a framework of accountability for trustees, academy council members and staff.

Trust Board and Committees

7. The Trust Board has overall responsibility for the administration of the finances of the Trust, as a whole and at Academy level.
8. The main responsibilities of the Board are prescribed in the Trust Articles of Association, the Funding Agreements between the Trust and each member Academy and the Trust Scheme of Delegation. Key financial responsibilities include:
 - finance policy development and strategic planning;
 - establishing and overseeing a transparent system of prudent and effective internal controls;
 - approving budgets annually and monitoring performance against budgets;
 - authorising purchasing over £50,000
 - holding to account the CEO, CFO, the Principals and Trust staff.
9. The Finance, Audit & Risk Committee, a committee of the Board, meets at least 3 times a year to review and monitor financial performance. The responsibilities are detailed in the Terms of Reference, as approved by the Trust Board.



The Accounting Officer

10. The Chief Executive Officer (CEO) is the designated Accounting Officer of the Trust and has overall executive responsibility for the Trust's activities including financial activities. The Chief Executive is personally accountable to Parliament and to the accounting officer of the DFE for the resources under their control.
11. Key financial responsibilities include:
 - ensuring propriety and regularity of the public finances for which they are answerable;
 - ensuring proper accounting records are maintained;
 - ensuring the internal control procedures are adhered to;
 - ensuring value for money and the efficient use of all available resources;
 - authorising orders and the award of contracts within approval limits set out in this manual;
 - authorising payments with the approval process set out in this manual.

Other Staff

12. The Chief Finance Officer (CFO) is responsible for overseeing operational and strategic financial management to ensure the Accounting Officer can adequately discharge their responsibilities.
13. Academy Principals are responsible to the Trust for financial management in their Academy. They will work closely with the Central Finance function to ensure budgets are being adhered to and financial systems are operating appropriately.
14. Academy Principals may authorise orders and contracts within the approval limits set out in this manual.
15. Other staff, including the Finance Manager, Finance Officers and Office Managers (collectively the finance team), will have some financial responsibility, as set out within the Finance Manual.
16. All employees are responsible for the security of the property of member Academies, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

Register of Interests

17. 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 Trust Board members, Academy Council members and Trust staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.
18. The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Trust. 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.
19. The existence of a register of business interests does not, of course, detract from the duties of Trustees, Academy Council members and staff to declare interests whenever they are relevant to matters being discussed by the Board, Academy Council or a committee. Where an interest has been declared, the individual should not attend that part of any committee or other meeting.



Financial Planning

20. The Trust prepares medium and short term financial plans.
21. Medium term financial planning should be aligned with the strategic direction of the Trust as a whole and the individual member Academies to ensure adequate resources are available to support the educational and wider strategic objectives of the Trust. This should include clear links to the individual Academy Development and Improvement Plans.
22. The Chief Executive, in conjunction with the senior management, is responsible for the annual preparation of a three year revenue & capital plan. This must be considered and approved by the Trust Board annually.
23. It is the responsibility of the Trust Board to approve a balanced budget, where revenue expenditure does not exceed the resources available, considering expected income for the year plus any unspent reserves brought forward from previous years. The Board shall not delegate approval of the budgets.
24. Once the Trust Board has approved the annual budgets, the Chief Executive and Academy Principals are authorised to incur expenditure in accordance with this Finance Manual and approved budget.
25. Throughout the year monthly financial reporting will include performance against budget. Around the midpoint of the year a revised forecast will be prepared and presented to Trustees for discussion and approval.

Budget Process

26. The CFO is responsible for determining a timetable for budget preparation. The timetable must allow sufficient time for appropriate discussion and review to take place ahead of the approval process. It must ensure DFE requirements and all submission deadlines are met.
27. At the start of the budget planning process the CFO will determine the core assumptions, revenue targets and KPIs. The detailed process will incorporate the following elements:
 - forecasts of the likely number of pupils to estimate the amount of General Annual Grant
 - latest estimate of other DFE funding e.g. pupil premium or other specific funds
 - review of other income sources available to the academy to assess likely level of receipts
 - review of past performance against budgets to promote an understanding of the academy cost
 - identification of potential efficiency savings
 - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
 - all carry forward balances
 - any unspent grants from the previous financial year
 - any funds held in Trust.
28. The CFO will work alongside the academy Principals to prepare draft budgets for each academy incorporating the above elements and core assumptions.
29. The draft annual budgets will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.



30. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where savings can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan.
31. The CFO is responsible for preparing the consolidated Trust budget and obtaining Trust Board approval.
32. The approved budget is then entered onto the finance system at the start of the new financial year.

Other Government Funding, Grants and Specific Funding

33. In addition to GAG funding from DFE the trust may be awarded specific funding for other projects. This may be additional government funding, Local Authority funding or as a result of specific grant applications.
34. All applications for additional external funding must be approved by the CFO and supported by the Trustees/Academy Council.
35. All external and grant funding, whether government funded or otherwise, will be spent in accordance with the terms and conditions imposed at the time of award. Accurate records of income and corresponding expenditure are to be maintained. Reconciliations and, where required, external audits of these projects will be prepared by the central finance team.

Funds held in Trust

36. Where funds are held in trust the CFO is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

Virements

37. The Chief Executive, shall be permitted to exercise virement between all budget heads within an individual Academy (except those specifically excluded by the Trust Board) provided that the action does not involve the Trust in any additional financial commitment, which it will be unable to meet in respect of any subsequent year.
38. Academy Principals shall also be permitted to exercise virement within their own Academy (except those specifically excluded by the Trust Board) of up to £10,000, provided that the action does not involve the Trust in any additional financial commitment, which it will be unable to meet in respect of any subsequent year and excluding virement to pay from non-pay budgets.
39. Virement involving additional financial commitments in excess of £5,000 in respect of subsequent years shall be reported to the Trust Board if it is materially outside the agreed budget.
40. Virement shall not be permitted if it detrimentally affects the estimated surplus or deficit, unless approved by the Trust Board.
41. Since September 2013, as a multi-academy trust, the Pendle Education Trust has had the freedom to amalgamate a proportion of GAG funding for any academies within the Trust to form one central fund. This fund may then be used to meet the normal running costs at any of the academies within the trust in accordance with the guidelines that govern the use of GAG funding. Any such pooling may only take place with the explicit



- approval of the Trust Board.
42. At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the Trust Board has approved a specific scheme for carrying forward all or part of unspent amounts.

Revised Budget

43. Monitoring and analysis of the agreed budget should be carried out monthly by the CFO and Finance Manager. The review will form part of the commentary included in monthly Financial Management Reporting shared with Trustees.
44. Where significant variations to the agreed budget are identified, a number of substantial virements have been approved or where significant staff changes have occurred in-year these should be reported to Trustees.
45. The CEO/CFO shall promptly inform the Trust Board of any matter, which is liable to materially affect the finances of the Trust.
46. A revised budget should be prepared mid year and approved by the Trust Board. This revised budget should then form the basis of analysis of all income and expenditure until the financial year end.

Budget Forecast Return

47. The approved budget must be submitted to DFE by 31 August each year by CFO. They are responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

Monitoring and review (including management accounts)

48. Monthly Financial Management Reports are prepared by the CFO. The reports include:
 - actual income and expenditure against budget (shown as month to date and cumulatively) by individual entity and at a consolidated Trust level;
 - consolidated balance sheet;
 - consolidated cash flow forecast (for the financial year and a rolling 12 month period);
 - CFO commentary highlighting and explaining variances.
49. The monthly Financial Management Reports are sent to the Accounting Officer, Chair of the Board and Chair of the Finance, Risk & Audit Committee.
50. The monthly individual entity reports are shared with the academy Principals every month. Variances and any potential overspend will be discussed with the Finance Manager in the first instance to identify solutions. Any virements or additional budget requirements will be approved and reported in line with the limits set out in this manual.

External Audit & Year End Reporting

51. The Trust must ensure appropriate arrangements are in place for external audit, regularity review and the year end processes in order to comply with the latest requirements of the DFE Accounts Direction and Academy Trust Handbook.
52. Additional, ad hoc, audit and independent examination may be required for some grant funding. Where required, the CFO is responsible for ensuring all records are prepared and made available to the external reviewer.



External Audit Arrangements

53. External auditors must be appointed in accordance with the Academy Trust Handbook.
54. The CFO is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.
55. The CFO is responsible for ensuring the following tasks are undertaken during the year and at year end to facilitate a smooth audit process:
 - reviewing the trial balances
 - maintaining a fixed asset register & posting depreciation charges
 - reviewing aged debtors to support recovery and identify any provisions required
 - maintaining a record of registered interests, related and connected party transactions
 - control account reconciliations (bank, payroll, debtors, creditors)
 - prepayments and accruals for key expenditure lines eg utilities and IT licences
 - accrue and defer grant income
 - pension valuations
 - TPS pension audit

Review of regularity

56. The CEO (in their role as Accounting Officer) reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:
 - reviews management accounts
 - reviews compliance against the scheme of delegation
 - reviews transactions for evidence of connected party transactions
 - value for money practice
57. The Accounting Officer has delegated the following responsibilities to the CFO:
 - adherence to tendering policies
 - review of transactions confirming in line with delegated authorities as set out by the Academy Trust Handbook
58. The Accounting Officer has delegated the following responsibilities to the Trust Clerk:
 - Review of Trustee & Academy Council minutes.
59. A checklist is completed for each review undertaken.
60. Annual external audit work includes an independent review of regularity compliance. A statement of assurance is included in the year end financial statements.

Annual accounts

61. The academy trust must prepare annual audited financial statements for the accounting period to 31 August.
62. The accounts preparation is outsourced to our auditors.
63. The finalised accounts are submitted as follows:
 - by 31 December – to DFE
 - by 31 January – published on our own website
 - by 31 May – to Companies House



Value for money statement

64. As part of the annual accounts the trust must include examples illustrating how the Trust has demonstrated value for money during the year.
65. The CFO is responsible for collating the examples which are then approved by the Trust Board.

Accounts Return

66. The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the DFE by the January deadline.
67. The accounts return is outsourced to our auditors for preparation.

Internal Scrutiny

68. The Trust must ensure an appropriate programme of internal scrutiny is in place.
69. The CFO is responsible for liaising with the internal scrutiny partners, co-ordinating the provision of documentation and ensuring deadlines are met.

Accounting Systems & Documents

Document Retention

70. Documents are retained for the following amount of time:
 - Finance records – current year plus preceding 6 years
 - Supply cover insurance – current year plus preceding 6 years
 - Payroll and travel records – current year plus preceding 6 years
 - Personnel records – 5 years after an employee has left

Accounting system

71. All the financial transactions of the Trust must be recorded into the accounting software.
72. The accounting software package is maintained and overseen by the CFO and central finance team. The system includes a nominal ledger supported by sales and purchase ledgers and a cashbook.
73. Access to the system is password protected and all users must be approved by the CFO before being set up in the system. Individual access rights are set up to ensure each user only has access only to the relevant database, screens and transactions within the system.
74. Xero for Education (XfE) is an online system supplied by Thorne Widgery, Thorne Widgery are responsible for all software updates. The database is automatically backed up daily as part of the user agreement.

Transaction processing

75. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
76. All journal entries are recorded within the month end records. They are reviewed as part



- of the month end procedures.
77. Bank transactions are input by the finance team and reviewed by the Finance Manager or CFO as part of the month end procedures.

Month End Procedures

78. The CFO, supported by the Finance Manager, is responsible for completing the month end procedures and reviews. This includes:
- Review of trial balances, and other system reports as appropriate, to ensure that only regular transactions are posted to the accounting system;
 - Review of payroll reports and journals to ensure reconciliation to payroll control accounts and payments made to staff, HMRC and pensions;
 - Bank account reconciliations
 - Intercompany balance reconciliations
 - Purchase ledger review and reconciliation to control account
 - Sales ledger review and reconciliation to control account
 - Review of income against remittances to ensure all income is received and correctly recognised
 - Review of expenditure lines to ensure all costs are adequately recognised
 - Preparation of VAT126 claim and reconciliation of control account.

Cash Management

Bank Accounts

79. The Trust Board is responsible for the appointment of the Trust's bankers on the recommendation of the CEO and CFO.
80. The opening of all accounts must be authorised by the Trust Board who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.
81. The CEO and CFO shall have day-to-day control of all the banking arrangements with all regular banking to be undertaken through a central Trust bank account.
82. All Trust bank accounts shall include 'Pendle Education Trust' in the name. All accounts are to operate under a single central mandate where the CEO, CFO and Director of Education are the only signatories. The mandate requires two signatures/approvers for all instructions and payments.
83. The CEO is responsible for ensuring adequate arrangements are in place for the safe custody of cheques.

Deposits & Cash Handling

84. The Trust is aiming to be cashless. ParentPay is in place for the majority of income including for example trips and dinner money. Cash transactions should not be common, where balances are received the following process applies.
85. All cash must be counted by two individuals and stored securely in the safe on the day it is received. A cash banking sheet must be completed and signed by both individuals. The signed sheet and cash must be handed to the office team and kept in the safe until banked.
86. The Office Manager is responsible for ensuring deposits are prepared for banking and liaising with the finance team to arrange for it to be taken to the bank. Details of all



deposits and copies of the banking sheet must be provided to the finance team every time banking is completed.

87. Banking is generally to be completed as promptly as possible depending on the amounts waiting to be banked. Balances in excess of £500 must be banked before the site is next closed. Balances in the safe and being transported to the bank must not exceed current insurance levels as per RPA. The latest key balances are in the table below.

Location	Insured balance
On site when school is closed	£500
On site during school opening and in a safe	£10,000
In transit	£5,000

88. The central finance team is responsible for updating the accounting system for deposits placed.

Payments and withdrawals

89. All cheques and other non-electronic instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:
- Chief Executive Officer
 - Chief Finance Officer
 - Director of Education
90. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.
91. All electronic bank payments should be posted to the bank account as a BACs file output from the accounting software. These should be approved by two of the following:
- Chief Finance Officer
 - Finance Manager
 - Finance Officer
92. Where a faster payment or direct payment to the bank is required it must be approved by the CFO prior to being loaded to the bank. It must be approved in line with the electronic banking requirements above. The Finance Officer is responsible for updating the accounting system with the transaction.

Reconciliation

93. The Finance Manager ensures bank statements are received regularly and that reconciliations are performed at least monthly.
94. Reconciliations are prepared by the finance team and reviewed by Finance Manager, or in their absence the CFO.
95. Reconciliations must ensure that:
- all bank accounts are reconciled to the academy's cash book
 - adjustments arising are dealt with promptly

Petty Cash

96. The Trust no longer operates any petty cash balances. Any reimbursement previously using petty cash will now be settled via staff expenses. All cash received must be banked in line with cash handling process.



Credit Cards

97. The Trust uses Lloyds corporate cards. All cards are issued in an individual's name, any request for a credit card must be approved by the CFO. Once approved the card application will be processed by the central finance team.
98. All credit cards must be stored securely and must only be used by the individual assigned to the card.
99. Credit cards should only be used when it is not practical to use the standard purchase invoice process.
100. All purchases on credit cards are subject to the same purchase order approval process as purchase invoices. An approved purchase order must be in place before any transaction is entered into.
101. Currently there are cards in the central finance team and in each academy. The intention is to move to having central cards. The only the exception will be cards required for minibus fuel where using the fuel card is not practical. During the transition phase the old process will remain until the new process is confirmed as operational.
Transition/existing process
102. Each month the card holder must provide the central finance team with the purchase orders, receipts/invoices and confirm goods/services have been received for all transactions on the statement.
New process
103. Regular online purchases, eg supermarket delivery, will be transferred to the central credit cards. Central finance team will have access to all online accounts. Following approval of the order, Office Managers will raise the order online.
104. All Amazon transactions must be processed through the Trust Amazon Business account and settled by invoice.
105. For all other items where payment by credit card is required, once the order has been approved the Office Manager or order requestor must contact the central finance team. The finance team will process the order and make payment using the credit card.
106. The central finance team will process the transactions into XfE, reconcile the statement and ensure payment is made each month. Credit card balances must be settled in full every month.
107. The credit card statements and accompanying papers will be retained by the central finance team in line with the retention and filing requirements of all other purchase invoice and finance records.

BACS Payments & Invoice Processing

108. All invoices received in school directly must be collated by the office manager and passed to the finance team for processing. Invoices must be passed to the finance team at least weekly to ensure they are processed in time for the scheduled BACs runs.
109. The office manager is responsible for:
 - Confirming the goods/service have been received and are all as required via the online purchase order app.
110. In the case of a non-order invoice, the finance team will record the invoice in XfE and seek approval from the Principal and CFO via the online purchase ordering app in line with the purchase order approval thresholds. Non-order invoices should be exceptions for services such as energy.
111. The finance team is responsible for checking:
 - The invoice has not been previously paid



- VAT information and rates are accurate and correctly recorded in XfE
112. The finance team will prepare regular BACs payment runs. Invoices will only be available to settle in XfE once they have been matched to an approved order with goods received confirmed or, for non-order invoices, approval is confirmed directly. The suggested payment run, as generated in XfE, will be prepared and the invoices collated by the finance team.
 113. The report and invoices will be reviewed by the Finance Manager, including sample checking bank details are accurate. Any changes or inaccuracies will be corrected before the finance officer processes the payment in XfE to generate the BACs file.
 114. A member of the finance team will load the BACs file to Lloyds, the approval deadline is 5pm on the same day. The payment should be approved by two of the:
 - Chief Finance Officer
 - Finance Manager
 - Finance Officer
 115. Copies of the reviewed reports and BACs files will be retained in the finance team records.
 116. Standard payment terms for our invoices are 30 days, although every effort is made to ensure the Trust benefits from early payment discounts when offered.

Cash Flow Management

117. The CFO, supported by the Finance Manager, is responsible for the efficient management of the Trust's cash flow.
118. The Trust is not permitted to have an overdrawn bank account. Balances must be monitored to ensure sufficient funds are available to cover regular transactions.
119. In the even significant cash balances are forecast, steps should be taken to invest an extra funds in line with the investment policy.

Investments

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

Reserves

122. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
123. The CEO as Accounting Officer must inform DFE immediately if an overall Trust deficit is anticipated.
124. If the Trust is anticipating a deficit at the end of any financial year, the Trust Board and Exec team have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Trust Board must ensure that a recovery plan is submitted and approved by the DFE.
125. If an individual academy has a deficit position the CFO and Finance Manager will work with the Principal to develop a deficit recovery plan, as part of the budget planning process.



Capital Reserves

126. Any overall surpluses at the end of the year are carried over to the following year.
127. It is the responsibility of CFO to keep accurate records of the capital funds, especially where grants have been received for capital projects.

Payroll & Staffing

Staff Appointments

128. The Trust Board has approved a staffing budget for each member academy and for the Trust management structure. Changes to the staffing establishment must be authorised by the CEO, this includes replacement of established posts to ensure that adequate budgetary provision exists for any establishment changes.
129. The CEO has authority to appoint staff within the authorised budget except for Academy Principals whose appointments must follow consultation with Trust Board directors. The CEO will, for normal operational purposes, delegate this authority to the Academy Principals.
130. The CEO, through their nominee, maintains electronic personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the payroll provider immediately.
131. The CEO will ensure that detailed Human Resources procedures are in place to ensure the safety of children within the academies as required by DfE guidance and legislation, including checks on relevant qualifications and criminal record checks.
132. The CEO will report variations to the permanent staffing levels of the Trust to the Trust Board.

Payroll Administration

133. Payroll is administered through the academy trust's payroll provider.
134. All staff are paid monthly through the payroll provider. Any expense claims are processed through payroll.
135. The office manager in each Academy and Finance Manager for Trust central colleagues, are responsible for notifying the payroll administrator of any changes in staffing in a timely manner. The payroll administrator shares the processing deadlines each month.
136. All new appointments and changes in contracts will be approved by the Academy Principal or CEO of the Trust. The Finance Manager / office manager in the Academy will complete the 'New Starter / Transfer' Form which must then be signed by either the Academy Principal or CEO before it is sent to the external provider for processing.
137. Any additional hours must ordinarily be approved in advance. Timesheets for additional hours to be paid should be approved by the Academy Principal or CEO before being sent to the payroll administrator.
138. Any staff with casual hours should complete monthly timesheets. These timesheets should be approved by the Academy Principal or CEO and tracked to the budget before being sent to the payroll administrator.

Payments

139. Monthly payroll reports are prepared by the payroll bureau, these must be reviewed by the Finance Manager/Office Manager to check the accuracy and completeness of any



changes. Once any discrepancies have been resolved and updates made, the final exception report must be signed by 2 of the 3 individuals named on each Academy's payroll BACs approval schedule. The signed exception report must be submitted to the payroll bureau ahead of their processing deadline.

140. All salary payments are made by BACS. The payroll bureau is responsible for processing the payments for net salaries, attachments, HMRC (tax and National Insurance), Teachers Pension Scheme and Local Government Pension Scheme directly from the academy bank accounts.
141. Monthly BACs schedules are provided by the payroll bureau setting out all the payroll related payments processed in each Academy.

Accounting Records

142. Monthly payroll journals are prepared by the payroll bureau. These are reviewed by the finance team and manually recorded in XfE as journals. Cashbook entries, agreeing to the BACs schedules, are recorded by the finance team.
143. The month end process includes a reconciliation of the payroll control accounts to the payroll reports provided by the payroll bureau. Any discrepancies are resolved promptly.

Salary advances

144. The Trust only awards salary advances in exceptional circumstances. Any such advance must be authorised by the CFO.

Severance payments

145. Any severance payment must be made in line with the Academy Trust Handbook.
146. The Trust can self-approve the non-contractual element of severance payments up to the delegations set out in the Academy Trust Handbook. A business case must be presented before agreeing a payment.
147. Where the non-contractual element is on or over the delegated limits prior approval from DFE must be sought.
148. The Accounting Officer must sign off and review each business case. Individual cases in excess of £25,000 require prior approval by Trustees. Trustees shall be advised of all severance payments made.

Ex-gratia payments

149. Any ex-gratia payments must be submitted to DFE for prior approval in line with the delegations set out in the Academy Trust Handbook.

Income

Grants

150. The main sources of income for the Trust are the grants from the DFE.
151. The CFO, working alongside Academy Principals, is responsible for ensuring that all grants from the DFE and other organisation are received and appropriately recorded in the Trust's accounting records. The receipt of these sums is monitored as part of the month end processes.



152. Where other grants are being applied for, the CFO should be informed before an application is submitted. The CFO must be kept updated on the progress of any such application to ensure funds are received as expected and appropriate records are maintained to comply with any conditions of award.
153. Academy Principals, supported by office managers, are responsible for the collection of all parental income, including trips and school meals.

Trips

154. A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Office Manager in the Academy.
155. Trips should be subject to a risk assessment in accordance with DfE guidelines and a detailed costing, approved by the Academy Principal. No expenditure should be committed or incurred for a trip until the risk assessment and costings have been approved.
156. Where possible, payments should be made via ParentPay. All other payments should be made at the Academy office. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment in ParentPay.
157. The office staff in the Academy should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.

School Meals

158. The weekly bank credits are recorded in XfE by the finance team. These will be reconciled as part of the bank reconciliation.
159. Any cash received should be recorded in the Academy office. A receipt should be issued and cash should be banked in accordance with the cash & banking procedures.
160. The Academy should have a regular monitoring process in place to ensure school meals are being paid for on a timely basis. Where concerns are identified they should be raised with the Academy Principal in the first instance. In line with the debt management policy, any balance over £100 should be raised with the CFO.

Lettings

161. The Office Manager is responsible for maintaining records of direct bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
162. Where there is a service -level agreement with a third party for management of lettings this will be reviewed at least every three-years and the Finance Manager is responsible for the tracking of the associated income.
163. Details of organisations using the sports facilities should be notified to the finance team who will establish a sales ledger account and produce a sales invoice from XfE.
164. Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually.



Sundry income

165. Sundry cash income should be recorded in the Academy office. A receipt should be provided and the cash banked in accordance with the cash & banking procedures. Details of all such income should be passed to the finance team to be updated in XfE.
166. All non-cash income should be processed through the sales ledger by the finance team. Details of all agreements should be sent to the finance team who will set up a customer account. A sales invoice will be generated in XfE to be passed to the customer.

Debt Management

167. Every month, outstanding debtor balances will be reviewed by the Finance Manager/CFO. The office manager, supported by Finance Manager, is responsible for recovery.
168. The Trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.
169. If the debt remains unrecoverable after 3 months, or it becomes clear that the debt will not be repaid, the office manager or Finance Manager submits a report to CFO to determine whether to take legal action or write off the balance.
170. The write off limits are subject to the delegations set out in the Academy Trust Handbook with additional Trust requirements as follows:
 - Up to £100 – Academy Principal or Finance Manager
 - £100 to £2,500 – CEO on recommendation from CFO
 - Over £2,500 – Trust Board on recommendation from CEO

Purchasing

171. The Trust aims to achieve the best value for money from all purchases by following the general principles of:
 - Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust;
 - Accountability, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
 - Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.
172. The CEO, with day to day responsibility delegated to CFO and Academy Principals, has overall responsibility for making payment to suppliers of goods and services to the Trust. Authority to incur expenditure up to, but not materially exceeding, the amount specified in the principal headings of expenditure in the approved budget and to incur expenditure against income is delegated to Academy Principals and other budget holders.
173. Budget holders are responsible for all orders issued by their department/cost centre. However, they may delegate the authority to place orders or incur expenditure to members of staff within their department/cost centre. Orders must only be placed by persons authorised to do so by the budget holder.
174. Budget holders will be informed of the budget available to them ahead of the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month.



175. All values quoted exclude VAT unless stated otherwise.

Routine Purchasing

176. Routine purchasing should follow these outline steps:

- online order raised to request items;
- if a new supplier is being used, the new supplier form must be completed and passed to the finance team for setting up;
- total value of goods/services compared against purchase thresholds to determine if quote or a tender process required;
- order approved by budget holder/s in line with approval thresholds via the online order app
- approved order generated in accounting software and issued to supplier by office manager;
- goods received and checked in school;
- invoice received, matched against an approved purchase order, goods received confirmed via the online app.

177. The total value of any purchase order is calculated for the full contract period. A single order should be raised for a contract even if it is to be invoiced in instalments.

Capital Purchases

178. Capital expenditure is spend over £1,000 contributing to an asset with a useful economic life of over 1 year.
179. Capital expenditure should follow the procedures and thresholds for routine purchasing. The Head of Estates is responsible for overseeing a rolling programme of estates capital works.
180. Capital projects relating to land and buildings must be approved by CFO to ensure compliance with the Academy Trust Handbook requirements.

Purchase Thresholds

181. The Trust must comply with the Procurement Act 2023 (“PAct23”) including all associated regulations and statutory guidance with respect to any steps to be taken in connection with awarding, entering into, managing and terminating a relevant contract.
182. The Trust requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. To support this, orders over £5,000 are subject to additional requirements.
183. Orders over £5,000 require a minimum of 3 written quotes to be obtained. Outcomes of the quotes must be summarised on the Schedule of Quotes form. Copies of all quotes and the Schedule of Quotes form should be attached to the purchase order to support the approval process.
184. Orders over £30,000 require a tender process, outlined in our Tendering Policy. Outcomes of the tender must be summarised on the Schedule of Tenders form and recorded alongside the purchase order to support the approval process. The CFO should be made aware of any procurement over £30,000 from the outset.
185. Orders over £50,000 require a tender and approval by the Trust Board.
186. Orders over the PAct23 Thresholds (currently £214,904 including VAT for goods & services and £5,372,609 including VAT for works contracts) require a full tender with in



accordance with the PAct23 regulations.

187. When determining if a contract or procurement exercise reaches the PAct23 threshold, costs should include VAT and, for ongoing spend (ie not a one off purchase), must consider a minimum period of four years, even if the contract to be awarded is for a shorter period.
188. Auto renewals should not be entered into. Where there is no option to enter into an agreement without autorenewal this must be discussed with CFO prior to agreeing the contract. PAct23 includes additional requirements for these contracts and could require a full PAct23 compliant tender.
189. The requirement to obtain 3 quotes or conduct a full tender can be waived in exceptional circumstances for example:
 - There is no genuine competition
 - If price is not the overriding consideration
 - Where continuity of service is the main factor
 - Where there is other commercial advantage
 - Where 'preferred supplier' status has been agreed.

The requirement can only be waived with the express prior authority of the Academy Principal and CFO. A Non Competitive Tender form must be completed, signed and recorded alongside the purchase order to document the decision. This exception cannot be applied if the PAct23 threshold has been reached.

190. PAct 23 includes additional requirements to ensure transparency around public sector procurement, improve accessibility to any potential suppliers to participate in procurement and include consideration of social value. Relevant contracts, those above the PAct thresholds, will be required to meet these additional requirements.

191. For purchases above £5,000 but below PAct thresholds, additional consideration should be given to whether the process is aligned with these new requirements including for example:

- being accessible to all potential suppliers
- being aligned with our sustainability aspirations
- use of local suppliers

192. The use of KPIs should be considered for all purchases over £30,000.

193. The following table summarises the additional requirements and thresholds:

Order Value	Additional Requirement
£5,000 and over	3 written quotes
£30,000 and over	Tender process
£50,000 and over	Tender process & Board approval
Over PAct23 Threshold	Follow PAct23 requirements

Contracts

194. Contracts should be signed by the Principal, CFO or CEO in line with the order approval thresholds.
195. Copies of all contracts should be retained centrally alongside the purchase order and invoice records.
196. The contracts register must be updated to include: renewal date, notice periods, exit plans, any KPIs and name of the primary Trust contact/responsible party.

Orders

197. All orders must be raised via the online ordering app. All supporting documentation such as quotes, schedule of quotes or tenders should be attached to the order in the system as it is raised.



198. The app will automatically send emails to the approvers at each step in line with the approval limits (summarised below) for approval. The order will be sent to the approvers sequentially based on the value, the account code (estates, ICT or everything else) and entity eg an academy order for resources over £5k will go to a budget holder, Principal and CFO.
199. At each step the approver must check sufficient funds are available in the budget and all supporting documentation has been provided.

Order Value	Trust	Academy	Estates	ICT
Up to £249	Central Team Leader	Budget Holder	Estates Manager	ICT Manager
£250 to £4,999	Finance Manager	Academy Principal	Academy Principal	Academy Principal
£5,000 to £29,999	CFO	CFO	CFO	CFO
£30,000 to £49,999	CEO	CEO	CEO	CEO
£50,000 and over	Trust Board	Trust Board	Trust Board	Trust Board

200. Once approved via the online app, an order will automatically be generated in XfE. These orders will be sent to the supplier by either the core finance team for central orders or by officer managers for academy orders.
201. The individual raising the order must make appropriate arrangements for the delivery of goods. On receipt the recipient must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
202. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the office manager should be notified.
203. Confirmation the goods have been received should be passed to the office manager so they can confirm via the online app.
204. All invoices should be matched to the purchase order reference number and passed to the finance team for processing (as per the invoice processing procedures set out above).
205. Any invoice without a purchase order, other than those exceptions noted below, will be processed as a non-order requiring approval by both the Principal and CFO before being processed for payment.
206. Services agreed under contract such as utilities do not require a purchase order. In certain circumstances the ordering system can be waived eg urgent H&S works. In these instances an order should be raised in the online ordering app retrospectively.

Suppliers

207. If a new supplier needs to be set up for an order, the office manager should complete the Supplier Details form and pass it to the finance team for processing.
208. The finance team should complete the following checks before setting up the supplier account:
- Are they a related party or connected party?
 - Contact the supplier to verify the company details
 - Check VAT registration and update details in XfE



- Confirm bank details

209. A copy of the completed supplier details form should be attached to the supplier account in XfE including any confirmation of bank details received from the supplier.
210. Any changes to supplier details, especially bank details, must be verified with the supplier directly, contacting them using our own previously verified information.
211. Where a supplier is an individual or service company, the Finance Manager should work with office managers to complete a review of employment status. Evidence of the review and outcome should be retained in the central invoicing Sharepoint folder.
212. Where an individual has been assessed as self-employed, the finance team should request that the individual states their self-employment reference number on any invoice issued to the school.
213. Where an individual has been assessed as employed, the outcome should be communicated to them in writing before any work starts. The individual has the right to appeal. Status must be agreed prior to any works being undertaken.

Trading with related or connected parties

214. All trustees and senior employees are required to complete a declaration of interest form and keep these details updated.
215. Any conflicts of interest or related party transactions will be reported to the Accounting Officer, the Chair of Trustees, the Chair of the Finance and Audit Committee and the CFO.
216. The CFO will inform the DFE, in advance of signing any contracts with a related party, to either inform or obtain approval from the DFE to engage in the transaction, as per the thresholds set out in the Academy Trust Handbook.

Goods and services for private use

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

Tenders

218. Tenders should be conducted in line with the Tendering Policy, approved by Trustees annually.

Insurance

219. The Finance, Audit & Risk Committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.
220. The Trust has opted into the Department for Education's Risk Protection Arrangements. Additional motor vehicle insurance is in place for Trust vehicles.
221. All staff using their own vehicles on behalf of the Trust shall maintain appropriate insurance cover for business use.
222. All staff must ensure all valuable are kept under lock and key when not being used in a supervised manner.
223. Any excess incurred has to be funded by the department concerned as no budget is held centrally. Items under the excess will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.



Governors/Trustees Expenses

224. The rate of mileage allowance payable by the Trust to Trustees/Governors are entitled to claim mileage allowance incurred in the attendance of Trust or committee meetings and any other approved meetings.
225. The rate of mileage allowance payable will not exceed the specified rates for Trust staff.
226. The Trustees acknowledges that:
- Governors/Trustees are not paid attendance allowance
 - Governors/Trustees are not reimbursed for loss of earnings
227. Governors/Trustees wishing to make claims under these arrangements, must complete a claims form from the finance team and provide the relevant receipts. The form must be submitted to the finance team when they will be submitted for approval by the Chair of Governors/Trustees or Chair of Finance, Audit & Risk Committee.
228. Claims will be subject to independent audit and may be investigated by the Chair of Governors (or Chair of Finance, Audit & Risk Committee in respect of the Chair of Governors) if they appear excessive or inconsistent.

Employee Expenses

229. The Trustees approve the Expenses policy annually. All employee expenses, including travel and subsistence should be processed in line with the policy.

Gifts

230. Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £30 are reported to the Accounting Officer 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 (see Gifts & Hospitality Policy for further details).
231. Gifts that have been reported are entered onto the gifts and hospitality register.

Energy Management

232. The Site Supervisors are responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Meters should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual reading should be raised with the Head of Estates immediately.
233. The Site Supervisor ensures that the school's heating system is operated and run as efficiently as possible.
234. The Head of Estates ensures that the school is purchasing energy at the most competitive prices available.
235. All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

Fraud

236. The trust does not tolerate fraud. Where instances of fraud are found the CFO or



- Accounting Officer will notify the DFE.
237. It is the duty and obligation of all members of staff in the Trust and the board to notify the CEO, Academy Principal, or Trust Chair immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

Whistleblowing

238. The whistleblowing policy is agreed by Trustees. Any concerns raised by whistleblowers will be responded to properly and fairly.

Leasing

239. The Trust will only enter into lease agreements where the executive team considers this represents the best value for money. Any such agreement must either be on the DfE approved list or must have prior approval by the DfE in line with the requirements of the latest Academy Trust Handbook.

Pooling of GAG

240. The Trust does not operate GAG pooling.

VAT

241. The Finance Manager is responsible for submitting the VAT 126 form monthly.

Fixed assets

242. The CFO is responsible for maintaining the Trust's register of land, buildings, IT equipment and fixtures & fittings.
243. The purchase of all capital assets should be included on the Trust Fixed Asset Register.

Asset register

244. All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered on the fixed asset register with the following details:
- asset description
 - asset number/serial number as appropriate
 - date of acquisition
 - asset cost
 - source of funding (% of original cost funded from grant and % funded from other sources)
 - expected useful economic life
 - depreciation
 - current book value
 - location
245. The asset register helps:
- ensure that staff take responsibility for the safe custody of assets
 - enable independent checks on the safe custody of assets, as a deterrent against



theft or misuse

- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts
- support insurance claims in the event of fire, theft, vandalism or other disasters

Security of assets

246. All the items in the register should be permanently and visibly marked as the Trust's property.
247. Equipment is, where possible, stored securely when not in use.
248. An annual count is undertaken, not by the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the governing body.

Disposals

249. Disposals, where applicable, are in line with the Academy Trust Handbook.
250. Items which are to be disposed of by sale or destruction must be authorised for disposal and, where significant, should be sold following competitive tender.
251. Requests to dispose of assets must be in writing and authorised as follows:
 - Up to £5,000 (original cost) by CFO
 - From £5,000 to £25,000 (original cost) by both CFO and CEO
 - Over £25,000 (original cost) by Trust Board on recommendation from CFO & CEO.

Loan of Assets

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

