

JOHN TAYLOR MULTI ACADEMY TRUST



Financial Procedures, Administration and Control Handbook

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CONTENTS

Section 1 - John Taylor Multi Academy Trust

1. Introduction
2. Organisation
3. Roles and Responsibilities
4. Delegated Authority to the MAT
5. Register of Interests
6. Process for Independent Checking
7. Accounting System
8. Financial Planning
9. Payroll
10. Procurement

Section 2 – Local Governing Bodies and Academies

11. Summary of Responsibilities
12. Limits of Delegation
13. Operation of local bank account
14. Security, inventories, stocks and disposal of assets
15. Insurance Arrangements
16. Register of Pecuniary (or business) interests
17. Audit

Section 3 - Appendices

Appendix A - Scheme of Delegation

Appendix B - Tendering Regulations

Appendix C – Request for Waiver from JMAT normal procurement requirements

Related policies

Cash Handling Policy

Charging and Remissions Policy

Fraud Policy and Procedures

Reserves Policy

Trustees Remuneration and Expenses Policy

Whistle Blowing Policy

SECTION 1 - JOHN TAYLOR MULTI ACADEMY TRUST

1. INTRODUCTION

The purpose of this document is to ensure that John Taylor Multi Academy Trust (JTMAT) maintains and develops systems of financial control which conform to 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 agreements with the Education and Skills Funding Agency (ESFA).

Each academy within JTMAT must comply with the principles of financial control outlined in the academies guidance published by the ESFA in the Academy Funding Agreement and the Academies Financial Handbook. This manual expands on those and provides detailed information on the accounting procedures and financial regulations and must be read by all staff involved with financial systems and copies made available as necessary. It also provides a standardised approach to all finance related tasks within the Trust and its academies.

Compliance with the Handbook is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Accounting Officer. For JTMAT, this is the Chief Executive Officer.

All staff, including the Accounting Officer, the Chief Financial Officer (JTMAT Chief Operating Officer), Head of School, Finance Officers and Assistants, who deal with financial matters, are trained in the appropriate procedures and a Scheme of Delegation is in place detailing levels of authority and responsibility.

All staff are aware of the Trust's Whistleblowing policy and to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the DfE.

The Trust's Audit and Compliance Committee will be responsible for reviewing all controls and procedures of financial systems operating within the Trust.

2. ORGANISATION

JTMAT is a company limited by guarantee with charitable status and all academies within it are governed by the Trust Board.

The Directors are appointed by JTMAT members on behalf of the Trust. The CEO of JTMAT serves ex-officio as a director. JTMAT Chief Operating Officer acts as the Chief Financial Officer of the Trust.

Directors are appointed because of the range of skills and expertise they can bring to help realise JTMAT's vision and values for the Trust, enhance the effective strategic leadership and management of the Trust, and effectively represent stakeholder interest within the Trust.

The Trust shall appoint two directors to the Board from the LGBs of its academies. In order to ensure opportunity is shared across all JTMAT schools, the tenure of LGB academy directors will be a maximum of four years.

The chair of the Trust board is appointed by the members of the board and holds office for one year. S/he is eligible for re-election.

The Directors will establish separate committees known as Local Governing Bodies for each Academy covering the areas of Learning and Standards and Managing and Organising and will ensure that, where possible, each Local Governing Body shall include at least 2 of its number elected from the parents of pupils attending the relevant Academy.

3. ROLES AND RESPONSIBILITIES

The main responsibilities of JTMAT are prescribed in the Funding Agreements with the ESFA. The key responsibilities include:

- ensuring that grants from the ESFA are used only for the purposes intended;
- approval of the annual budget;
- balancing its budget from year to year;
- production of an Annual Report and Accounts;
- appointment of auditors;
- appointment of a Chief Executive Officer (as Accounting Officer);
- appointment of a Chief Financial Officer (JTMAT Chief Operating Officer) in conjunction with the Chief Executive Officer;
- ensure regularity, propriety and value-for-money in relation to the management of public funds.

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Company will be managed by the Directors who may exercise all the powers of the Company. The Academy Trust has defined the responsibilities of key committees and staff involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The Committees that have responsibilities relating to Academy finances are as follows:

- JTMAT Board;
- JTMAT Audit and Compliance Committee;
- LGB Committee - Managing and Organising.

The main responsibilities of these Committees are set out in written terms of reference. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the JTMAT finances.

3.1 ROLE OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is accountable for the overall financial viability and sustainability of the Trust and for the development of relationships with key internal and external stakeholders for the benefit of its students and the wider communities. As the Accounting Officer for JTMAT, the Chief Executive Officer is responsible for:

- propriety and regularity of the public finances for which they are answerable. This covers standards of conduct, behaviour and corporate governance;
- keeping of proper accounts;
- prudent and economical administration;
- avoidance of waste and extravagance;
- ensuring value for money;
- efficient and effective use of all available resources;
- management of opportunities and risks.

The essence of the role is a personal responsibility for:

Value for money – this is about achieving the best possible educational outcomes through the economic, efficient and effective use of resources. A key objective is to achieve value for money not only for the trust but for taxpayers generally.

Regularity - dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement and this Handbook, and compliance with internal Trust procedures. This includes spending public money for the purposes intended by Parliament.

Propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary, control. This covers standards of conduct, behaviour and corporate governance.

The JTMAT's accounting officer will incorporate a short statement into the final statements each year explaining how the Trust has secured value for money. S/he must adhere to the seven principles of public life – the basis of the ethical standards expected of public office holders.

In practice, much of the financial responsibility is delegated to the JTMAT Chief Operating Officer but the Chief Executive Officer still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governors have agreed should be approved by them;
- authorising orders, contracts and signing cheques / releasing payments in conjunction with other authorised signatories in accordance with the agreed Scheme of Delegated Financial Authority (Appendix 1);
- preparing budget plans in conjunction with the Chief Financial Officer (COO);
- implementing expenditure in line with the Trust budget;
- seeking JTMAT approval for purchase orders or contracts in excess of delegated thresholds;
- submitting management reports to JTMAT giving details of income, expenditure and commitments to date;
- ensuring actions resulting from the annual audit are implemented.

3.2 ROLE OF THE CHIEF FINANCIAL OFFICER

The JTMAT Chief Operating Officer, will act as the Chief Financial Officer, and works in close collaboration with the Chief Executive Officer through whom they are responsible to the members and has direct access to the directors and governors. The main responsibilities of the COO are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for JTMAT's central budget and for the individual academies within JTMAT;
- management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the members and directors
- preparation of budget plans in conjunction with the Chief Executive Officer;
- the maintenance of effective systems of internal control;
- maintenance of adequate fixed asset registers;
- liaising with auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- the preparation of monthly management accounts, including income and expenditure reports, cash flow forecasts and a balance sheet;
- ensuring forms and returns are sent to the ESFA in line with ESFA guidance;

- additional roles, some of which are not directly finance related, as outlined in the Chief Operating Officer's job description.

3.3 THE ROLE OF THE COMPANY ACCOUNTANT

The Trust employs a Company Accountant who works in close collaboration with the Chief Operating Officer and whose main role is:

- to provide management and efficient operation of the accounting function at school and Trust level, in accordance with agreed procedures;
- to deliver a high quality financial service including managing and maintaining accurate accounting records and processes and overseeing financial controls across the Trust;
- to provide written and oral support and training on financial matters to Trust and School leaders who have varying levels of financial expertise;
- additional roles as outlined in the Company Accountant's job description.

3.4 THE ROLE OF FINANCE OFFICERS AND BUDGET HOLDERS

Other members of staff, primarily Business Manager, Bursar, Finance Officers, Finance Assistants and departmental budget holders, will have some financial responsibilities and these are detailed in the following sections of this handbook.

All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources, and for conformity with the requirements of the Trust's financial procedures.

4. DELEGATED AUTHORITY TO JTMAT

The delegated authority over different categories of financial transactions is set out below from the ESFA:

Liabilities and write-offs

Academy Trusts may write off debts and losses, including any uncollected fines up to the delegated limits subject to a maximum of £250,000:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction;
- cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts;
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified financial returns for the previous two financial years.

In relation to these limits, the amounts for write-offs are before any successful claims from an insurer and total income is defined as grant income as disclosed in the trust's last set of audited accounts.

Beyond these limits the trust must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction.

Severance Payments

If JTMAT is considering making a staff severance payment above the contractual entitlement, which it reasonably considers to be in the interests of the Trust, it must consider the following issues:

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

Staff severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the former case would be where the claimant will win an Employment Tribunal claim because of employment law procedural errors. In the latter, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures.

If JTMAT is considering making a compensation payment to provide redress for loss or injury eg damage to property, it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved.

Where JTMAT is considering making a staff severance or compensation payment above the contractual entitlement of £50,000 or more, prior approval will need to be sought from HM Treasury, via the ESFA, before any such payment can be made. The Trust in this situation should speak to their ESFA contact at the earliest opportunity to discuss.

The following examples illustrate where HMT approval would be required:

Statutory/contractual payment	Non-statutory/non-contractual payment	ESFA prior approval required?
£40,000 +	£49,999	No
£80,000 +	£49,999	No
£40,000 +	£50,000	Yes – for £50,000
£80,000 +	£50,001	Yes – for £50,001

Academy trusts have the delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000. If the trust is considering a non-statutory/non-contractual payment of £50,000 or more, the ESFA's prior approval must be obtained.

Asset sales, leases and tenancy agreements

There are two types of lease:

- operating leases which do not represent borrowing;
- finance leases which are a form of borrowing.

Trusts do not require ESFA's approval for operating leases except for some transactions relating to land or buildings. Trusts that are in any doubt as to whether or not any particular lease does or does not involve an element of borrowing should resolve the issue by contacting their professional financial adviser and/or external auditor. Prior approval must be obtained from the Secretary of State, via the ESFA, for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than seven years;
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

Academy trusts may take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above), without the Secretary of State's approval ie operating leases on assets that are not land and buildings do not require the Secretary of State's approval. Trusts must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the Secretary of State is required.

5. JTMAT REGISTER OF INTERESTS

All JTMAT members, directors, governors and staff who can influence financial decisions, 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 inspections and 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 member, director, governor or a member of staff by that person. Relationships with connected parties will require high standards of accountability and transparency.

All relevant business and pecuniary interests of members, trustees, local governors of academies within the JTMAT and senior employees must be published on the academy's website.

The existence of a register of business interests does not detract from the duties of members, directors, governors and staff to declare interests whenever they are relevant to matters being discussed by the Trust or a committee of the Local Governing Body. Where an interest has been declared, members, directors, governors and staff should withdraw from that part of any committee or other meeting.

6. DELIVERING ASSURANCE

Every academy trust must have in place a process for independent checking of financial controls, systems, transactions and risks.

An Audit and Compliance Committee for JTMAT will undertake the process for independent checking of financial controls, systems, transactions and risks.

The committee will review the risks to internal financial control at the JTMAT and agree an annual programme of work that will address these risks and, so far as is possible, provide assurance to the external auditors.

This programme should be managed through one or more of the following options:

- the work of an internal audit service (either in-house or bought-in or provided by a sponsor);

- the performance of a supplementary programme of work by the Trusts external auditors;
- the appointment of a non-employed trustee with an appropriate level of qualifications and/or experience to check the trust's internal controls, who neither charges, nor is paid by the trust for their work. This appointment is not mandatory but is one way trusts are able to conduct their internal checks
- completing the work by peer review with the work being performed by the chief financial officer, or a suitably qualified or experienced member of the finance team, from another academy trust, as an independent reviewer.

JTMAT currently uses RSM Audit services for this purpose (appointed February 2018).

6.1 INVESTIGATION OF FRAUD AND IRREGULARITY

The personal responsibilities of the accounting officer extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the members of JTMAT are also responsible for preventing such losses of public funds, and this means that members, directors and governors must be aware of the risk of fraud and irregularity to occur within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. JTMAT is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The Fraud Policy outlines the procedures to be adopted in such an event.

NB: All instances of fraud or theft committed against the Trust, whether by employees or governors or third parties, above £5,000 must be reported by the Trust to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy either as the result of a formal notification from the Trust itself or as the result of other information received.

6.2 APPOINTMENT OF EXTERNAL AUDITORS

The Trust is required to submit the accounts for an annual audit. This means that external auditors need to be appointed. The appointment should be for a three year period renewable at the discretion of the JTMAT.

The auditors are required to give an opinion on whether:

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the ESFA;
- proper accounting records have been kept by the Trust throughout the financial year;
- grants made by the ESFA have been applied for the purposes intended.

JTMAT currently uses Mazars LLP for this purpose (appointed March 2017).

JTMAT should arrange for on-going monitoring of the performance of the auditors to be undertaken by the Audit and Compliance Committee.

7. ACCOUNTING SYSTEM

The Trust is registered annually under the 2018 Data Protection Act. The Data Controller is the Trust.

All the financial transactions of JTMAT must be recorded on the PS Financials accounting system operated by the Finance Departments in each academy.

Financial records are required to be kept for at least six years. This is a requirement laid down by Her Majesty's Revenue and Customs (HMRC).

7.1 SYSTEM ACCESS

The PS Financials accounting system is protected by access permissions to authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords should not be compromised. Access to the system is restricted and the Chief Operating Officer is responsible for determining the access levels for all members of staff using the system.

7.2 BACK-UP PROCEDURES

The Chief Operating Officer is responsible for ensuring that there are effective back up procedures for the system. The system backs up onto servers as follows:

Monday-Thursday overnight each day onto local server, then transferred to encrypted tape and taken off site. Each Friday night a weekly back up is made onto the local server and then copied to tape. Each backup set is reused on a four week rotation. Every four weeks a back-up is taken onto tape and this tape is stored off site. The tapes are used on a cyclical basis every three months. Each July, a backup is taken and stored indefinitely on tape. A back-up recovery policy has been developed as part of a suite of ICT security policies and a recovery plan prepared in the event of loss of accounting facilities or financial data. This links in with the annual assessment made by governors of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

7.3 TRANSACTION PROCESSING

All transactions input to the PSF accounting system must be authorised in accordance with the procedures specified in this document. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in following sections of the document. Bank transactions should be input by the Finance Officer and the input should be checked, and signed to evidence this check, by the next most senior person with financial responsibilities. At Trust level this will be undertaken by the Chief Operating Officer or JTMAT Company Accountant.

7.4 TRANSACTIONS REPORTS

The Chief Operating Officer will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- monthly payroll reports
- monthly bank statement reconciliations
- monthly debit and charge card statements
- monthly VAT returns
- management accounts summarising expenditure and income against budget at budget holder level

7.5 RECONCILIATIONS

The Company Accountant in conjunction with school Finance Officers is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- payroll
- bank balance per the bank nominal to the bank statement
- debit and charge cards
- VAT
- trial balance

Any unusual or long outstanding reconciling items must be brought to the attention of the Company Accountant who will review and sign all reconciliations.

8. FINANCIAL PLANNING

JTMAT will prepare short and medium term financial plans as part of the strategic planning process indicating how JTMAT's educational and other objectives are going to be achieved within the expected level of resources over the next three years. The budget is a detailed statement of the expected resources available to JTMAT and the planned use of those resources for the following year.

8.1 ANNUAL BUDGETS

Annual budgets will reflect the best estimate of the resources available to each academy for the forthcoming year and how those resources are to be used by each academy. There should be a clear link between each School Improvement Plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable;
- review of other income sources available to the individual academies within JTMAT to assess expected level of receipts;
- review of past individual performance against budgets to promote an understanding of the Trust cost base;
- identification of potential efficiency savings;
- review of the main expenditure headings and the expected variations in cost, e.g. pay increases, inflation and other anticipated changes.

Individual academy plans and budgets will need to be revised until income and expenditure are in balance. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding.

If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.

If a potential in-year deficit is identified at an individual academy for one or more years, then the Trust must be made aware of this at the earliest possible opportunity.

It will be the responsibility of each Local Governing Body's Committee to set/recommend an annual budget for submission to the JTMAT board. Such approval should be clearly minuted in sufficient time to allow prompt submission of aggregated plans to the ESFA and should be accompanied by a statement of assumptions and explanations. Budgets should be seen as a working document which may need revising throughout the year.

The Chief Operating Officer, in conjunction with the Chief Executive Officer, is responsible for preparing and obtaining approval for the JTMAT annual and 3 year budgets, which aggregates the budgets of each academy in the Trust. The budget must be approved by the members. The approved aggregated budgets must be submitted to the Education and Skills Funding Agency (ESFA) by 31 July each year.

8.2 MONITORING AND REVIEW

Monthly management accounts should be prepared for each academy. Budget monitoring reports should highlight major variances for discussion as appropriate. The reports will

detail actual income and expenditure against budget and must be copied to the JTMAT Chief Operating Officer to enable an aggregated report to be produced for the directors of the JTMAT.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. Any potential overspend against budget must, in the first instance, be discussed with the Chief Operating Officer.

Each academy should present monitoring reports to half-termly meetings of the LGB Managing and Organising committee, and, after approval from this body, the reports should be uploaded to the Governance portal and reported to the Trust Board.

9. PAYROLL

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

9.1 STAFF APPOINTMENTS

The Local Governing Bodies have approved a personnel establishment for each school in the JTMAT and the Head of School at each school must ensure that adequate budgetary provision exists for any establishment changes.

Directors of JTMAT have the authority to appoint the Chief Executive Officer, the Head of School at each Academy and the Chief Financial Officer (COO).

Each School in JTMAT maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to its own Finance/HR Officers who will in turn forward the appropriate forms to JTMAT to be authorised by the CEO and processed.

The CEO is responsible for ensuring that the Trust's pay policy is implemented.

The CEO is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered. Local Finance/HR Officers will be responsible for maintaining accurate records of all staff employed at their school in a single central record (SCR).

Personnel information is held in manual files under the guidance of the CEO with access strictly limited to authorised officials only and separately on the SIMS computer system, for which relevant registration under the 1998 Data Protection Act is held.

9.2 PAYROLL ADMINISTRATION

JTMAT payroll is administered by Stoke County Council since 01/09/2016 via a service level agreement (SLA).

Amendments to payroll data, e.g. appointments, resignations, pay changes and overtime, are notified to SCC Payroll by authorized staff.

All claims must be checked and confirmed by a budget holder and must be forwarded promptly to each academy's finance office. All casual and additional hours claims and travel expenses claims will be checked each month as part of the payroll checks to ensure that the payroll system is operating correctly.

9.3 PAYROLL PAYMENTS

All staff are paid on the last Wednesday of each month by BACS transfer to their bank accounts. SCC's payroll system automatically calculates the deductions due from payroll to comply with legislation namely in respect of tax, National Insurance contributions and pensions. The amounts paid are summarised on the payroll reports forwarded to each school for checking and authorisation. Finance Officers at each school must review the completed monthly reconciliation to verify the accuracy of payments made. Any variations should be investigated and raised immediately with the Payroll Team. The reconciliation should then be signed by both the Finance Officer and either the Head of School/Business Manager to confirm that all necessary checks have been undertaken. When all schools have indicated the accuracy of their payroll data, JTMAT COO will confirm with SCC that payroll can proceed. A breakdown of all payments matching the Payroll and vendor payments will be drawn up by the Finance Officer and signed by the COO.

On an annual basis, each School Finance Officer will produce pay statements for all staff as at 1 September.

JTMAT has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate. In order to achieve this, the following guidelines should be followed:

- an assessment must be made as to whether the individual is providing a contract of service (i.e. employed) or a contract for services (i.e. self-employed);
- if considered to be a contract of service, the individual shall be set up as an employee of the school before receiving payment through the payroll;
- where an individual seeks payment from the school for a contract for services, this must be in the form of an invoice.

Careful attention should be paid to repetitive payments to individuals.

Travel claims may be processed and paid directly by each school via the payroll system and paid at the appropriate MAT rate of reimbursement

10. PROCUREMENT

The Trust wants to achieve the best value for money from all our purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.

10.1 ROUTINE PURCHASING

Budget holders will be informed of the budget available to them as soon as possible after the budget is formally ratified and approved by the Trust Board. It is the responsibility of the budget holder to manage their budget and to ensure that the funds available are not overspent. Budget holders will have the ability to access their own budget via the PS Financials web portal.

It is essential that all of the following controls are adhered to:

- orders should not be entered into verbally and unless a Debit or Charge Card has been used, orders should always include the school's terms & conditions of the order and protects the MAT against terms and conditions imposed by suppliers in the absence of quoted terms & conditions.

- The use of 'Official Order Forms' through the PSF system automatically updates the financial records and enables committed expenditure to be included in management information for governors.
- In exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders are dispatched to suppliers from the PSF system via email.
- Orders should only be approved in accordance with the authorised limits within the scheme of delegation listed in Appendix A of this document.
- Orders may only be used for goods and services provided to the MAT. Private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials and services net of VAT.
- **Orders up to £5,000** - can be ordered by budget holders, providing it is within the scope and remaining balance of their delegated budget and from the Trust's preferred suppliers or otherwise if it represents better value.
- **Orders between £5,001-£10,000** - at least two written quotations should be obtained for all orders to identify the best source of the goods/services and should be approved by the budget holder and the Senior Finance Officer in the school in question. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced, and emailed confirmation of quotes has been received, before a purchase decision is made.
- **Orders between £10,001-£30,000** - must be subject to three written quotations and must be referred to the respective Head of School or JTMAT COO.
- **Orders between £30,001 and £100,000** - will be subject to approval by JTMAT CEO and reported to the appropriate LGB Managing and Organising and will be subject to a tendering policy (Appendix B).
- **Orders above £100,000** - will be subject to approval by JTMAT Board.

The budget holder or the school Finance Office in question must make appropriate arrangements for the delivery of goods and services to school. On receipt of goods and services there must be a detailed check of the goods and services received against the Goods received note/ purchase order. Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the school finance office should be notified to expect a credit note or replacement goods.

All invoices should be sent to the academy's finance office to be checked against the purchase order (or equivalent in exceptional circumstances) and the delivery note to evidence the following:

- invoice arithmetically correct
- goods/services received as ordered

Purchase order invoices will be deemed authorized if they match the previously authorized PO issued. Non-order invoices will be authorised for payment and dated by the relevant budget holder and then passed to the appropriate finance office for recording and payment via the PSF system.

10.1A – Request to waiver Trust procurement procedures

The Trust recognises that occasionally works and services may need to be procured outside of the formal process for procurement. A request to waiver from the Trust's routine procurement process will only be considered in exceptional and irregular circumstances and will be subject to thorough justification and approval.

The waiving of competitive tendering procedures should not be used to avoid competition, administrative convenience or to award further work to a supplier originally appointed through a competitive procedure.

Every waiver request will be required to provide sufficient justification to purchase goods and services outside of the Trust's normal requirements for procurement. Justification or reason may include, but not be limited to:

- Sole provider - after considering the requirements, specialist expertise is required and available from only one source;
- Specialist Expertise – the provision of goods or services are of a highly specialist nature where providers are limited or the goods/service are provided with intellectual property requirements;
- Timescales genuinely preclude competition – the provision of goods or services are required in an emergency situation critical to the Trust's continued core business or health and safety commitment. NB: failure to plan the work properly is not a justification for single tender.
- Compatibility - there is a clear benefit to be gained from maintaining continuity with an earlier provision. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering.
- Existing Agreement - the requirement can be covered by an existing supplier where the change of supplier would constitute disproportionate technical difficulties, diseconomies of scale, additional costs or significant operational disruption to the Trust.
- Short Term extension – the provision of goods or services is essential to complete the project, or where the engagement of a new provider for the existing task is inappropriate or not financially viable.
- Exempt Services - for the provision of legal advice and services provided that any legal firm or partnership commissioned by the Trust is regulated by the Solicitors Regulation Authority for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) having sufficient expertise in the area of work for which they are commissioned provided that the Chief Operating Officer is satisfied that any fees paid by the Trust are reasonable and within commonly accepted rates for the costing of such work.
- Chief Executive Officer decision - in very exceptional circumstances the CEO may decide that a formal tendering procedure would not be practicable or the estimated expenditure or income would not warrant such procedures.

10.1B – Waiver application process

The Trust expects all waiver applications will be requested in advance of the purchase for goods or services. The Trust will not retrospectively approve waivers.

The requestor should complete the waiver form (Appendix C) electronically where possible. Each waiver must initially be logged and provided with a waiver reference number provided by the JTMAT Estates Manager. The outline details of all waiver applications will be recorded on a centrally held register administered by the Estates Manager. Completed waivers must be signed by the requestor, and authorised signatories for the school and a representative from the school LGB.

Authorised signatories will need to be mindful of the need to declare any financial interest they may have in companies or individuals providing the Trust with goods or

service. Any such interest must comply with the requirements of Section 5 (JTMAT Register of Interests) of the JTMAT Financial Procedures, Administration and Control handbook. If any authorised signatory declares an interest in connection with the supplier of services under the waiver application, they shall bring this to the attention of the Chief Operating Officer/CEO and withdraw from the waiver application process. Locally signed applications together with any supporting information and written quotation of costs shall be sent to the Chief Executive Officer (CEO) for approval prior to any receipt of goods or commencement of services or works, it will be incumbent of the requestor to advise the CEO of any required timescales within the supporting evidence, especially for goods or services of an emergency nature.

The CEO will action the request as follows:

- Approval of the application
- Request for further information in support of the application
- Defer application to Trust board
- Reject the waiver application

Approved Waivers

Approved waivers will be recorded on the central waiver request register. All approved waivers will be scanned and original applications returned to the requestor to allow the required orders to be raised.

Rejected Waivers

All rejected waivers will be scanned and retained electronically. The requestor of any rejected waivers, must immediately establish a competitive process to compliantly secure a provider where the service is still required.

10.1C – Reporting

The current status of the central waiver request register will be reported to the Audit and Compliance committee.

10.2 BUSINESS DEBIT and/or CHARGE CARDS

Business debit and/or charge cards are held by named cardholders in each academy namely the CEO/ COO/ Business Manager, Head of School/ Finance Officer and should only be used to purchase goods for the business of the Trust or individual school. All receipts must be produced and reconciled monthly to the monthly statement by the Finance Officer and reviewed and signed off by the Head of School/Business Manager.

Each cardholder is personally responsible for the safe custody of their card. The card should be held securely at all times and any loss of cards should be reported immediately.

SECTION 2 - LOCAL GOVERNING BODIES AND ACADEMIES

INTRODUCTION

This section outlines the respective responsibilities of each Local Governing Body, Head of School and staff in relation to financial administration. The Policy also provides a standardised approach to all finance related tasks within the Trust schools

Please note that this policy should be used in conjunction with the ESFA Academies Financial Handbook.

11. SUMMARY OF RESPONSIBILITIES

Legal responsibility for the Academy lies with the Company (John Taylor MAT). It is governed by the Directors, who rely on advice and support from the Academy Local Governing Bodies, particularly (but not limited to) strategic planning and the specific matters delegated under JTMAT Terms of Reference. Subject to the provisions of its Terms of Reference, the Companies Act 2006, the Articles and to any further directions given by the Directors, the business of each Academy shall be managed by the Local Governing Body who may exercise all the powers of the Company.

Committees of the Local Governing Body will act strictly within the remit of JTMAT Board Terms of Reference. The role of the Local Governing Body in school financial administration is:

- to establish a Managing and Organising Committee and elect its members, and to review the committee's remit and membership on an annual basis;
- to plan the overall school budget, including priorities for future expenditure;
- to submit the budget plan to the MAT Board for approval;
- to maintain a register of pecuniary interests for governors and staff.

Management and administration duties undertaken by the Head of School and the members of the school staff shall be carried out in accordance with JTMAT terms of reference, and within the terms of their contract of employment.

The Head of School will advise the LGB Managing and Organising Committee on all areas of the school budget and its recommended expenditure. It is the responsibility of each LGB Managing and Organising Committee to recommend an annual budget for the school for submission to the JTMAT Board which accords with the school's aims and objectives, as set out in the current School Improvement Plan. Such approval should be clearly minuted at the final meeting each year of the Managing and Organising Committee and passed to the JTMAT Board for consideration at its final meeting.

The LGB Managing and Organising Committee will ensure that adequate long term budgeting is undertaken in order that the long term performance of the school may be maintained.

11.1 THE ROLE OF THE LOCAL GOVERNING BODY

JTMAT Directors delegate the running of each Academy to the Local Governing Body and specifically the following items:

- articulating the aims and objectives of John Taylor MAT in the local context of the Academy;
- determining the execution of the educational vision of John Taylor MAT in consultation with the Directors, including, but without limitation, determination of the Academy improvement plan;
- ensuring compliance with the Terms of Reference under which the Academy is governed and subsequent amendments;
- to accept receipt of the Academy annual funding;
- compliance with the ESFA Academy Financial Handbook (or any subsequent set of financial requirements imposed by the Department for Education) including determination and implementation of procurement policies for the Academy;

- oversight with regard to the finances the Academy, including, but without limitation, responsibility for compliance with the financial and accounting requirements detailed within the Funding Agreements;
- determination of the corporate planning and strategy for the Academy in consultation with the Directors;
- the determination, after consultation with the Directors, of the extent of the services provided to the Academy by the Company and how the costs should be allocated;
- monitoring cash flow and income and expenditure for the Academy;
- determining financial and reporting targets for the Academy;
- consideration of the Academy's required funding and support to the Directors in connection with the agreement with the DfE of the Academy's budget;
- monitoring and reviewing expenditure on a regular basis and ensuring compliance with the overall financial plan for the Academy;
- maintenance of proper accounting records and the preparation of income and expenditure, balance sheet and/or other reports as required;
- maintenance of the Academy estate in accordance with the guidelines established by the Trust;
- maintaining a fixed asset register;
- notifying the Trust of any changes to fixed assets used by the Academy;
- responsibility for the implementation of human resource policies and procedures and terms and conditions of service;
- the appointment, job description, appraisal and dismissal of all members of staff of the Academy – although in conjunction with the Directors with regard to holders of TLR1s, Grade 8 or above (support staff) or LG pay spine - but the remuneration of every member of staff and their terms of service shall be within the parameters from time to time established by the Directors;
- implementation of the admissions policy and arrangements for the Academy in accordance with admissions law and DfE codes of practice;
- implementation of actions required to comply with statutory regulations and the Funding Agreements.

11.2 THE ROLE OF THE MANAGING AND ORGANISING COMMITTEE

To improve, monitor and evaluate the efficiency and effectiveness of systems, procedures and structures of the Academy and the deployment of resources required to ensure them.

In order to assist in the fulfilment of the LGB's responsibilities, the Committee will meet half-termly and have responsibility for:

- all matters relating to budgeting, finance, academy premises and grounds, security and health and safety;
- the budget allocated to the academy to achieve value for money;
- the proposed annual budget prior to recommendation to MAT Board;
- spending against the academy budget, upon receipt of a report from the Bursar;
- that the principles of 'best value' are adhered to, as are the Seven Principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- the annual maintenance programme and its implementation;
- academy compliance with health and safety standards;
- the staffing structure and costings for proposed staffing levels;
- safer recruitment procedures for staff appointments;
- lettings and charging arrangements within the academy;
- the academy's risk management strategy and strategic risk register;
- progress towards the achievement of attendance targets;
- the impact of the school's punctuality, attendance and behaviour policies;

- the quality of the school's provision for personal development and well-being;
- the effectiveness of care, guidance and support for learners;
- the school's guidance and inclusion systems;
- the extent to which students feel safe;
- the effectiveness with which the school promotes equal opportunity and tackles discrimination;
- the effectiveness of safeguarding policies.

12. LIMITS OF DELEGATION

The limits detailed in the Scheme of Delegation (Appendix A) will be applied to JTMAT academies with an Ofsted rating of good or outstanding. Academies rated below that level will have a reduced level of financial autonomy. These levels will be reviewed annually and adjusted in keeping with the Ofsted rating awarded to the academy in question.

12.1 VARIATIONS WITHIN BUDGET SHARE

The Head of School is authorised to vary the annual budget prepared by the Managing and Organising Committee and approved by the JTMAT Board. This variation shall be the result of any change in the day-to-day spending plans of the school, but still be in accordance with the aims and objectives of the school, as laid down in the School Improvement Plan. This variation, known as a Virement shall not exceed £30,000 in secondary schools and £10,000 in primary schools and must be reported to the next Managing and Organising Committee and the decision must be minuted and reported to the Clerk to the JTMAT Board.

12.2 ORDERS

Requisitions will be raised either by departmental staff (via the web portal) or by the school finance office following submission of a duly authorised paper requisition and adherence to the following limits.

- Budget holders – up to £5,000
- Senior Finance Officer/Primary Headteacher – up to £10,000
- Head of Schools/Deputy Head of Schools / Business Managers – up to £30,000
- Chief Operating Officer – up to £30,000

12.3 INVOICES

Purchase order invoices will be deemed authorized if they match the previously authorized PO issued. Non-order invoices will be authorised for payment and signed by the relevant budget holder and then passed to the Finance Office for recording and payment through PSF.

12.4 CHEQUES

All cheques issued from accounts administered by schools must be signed by at least two authorised signatories.

13. OPERATION OF LOCAL BANK ACCOUNT

A local bank account has been approved to be held at each secondary school, with an imprest of £3,000 (£1,500 for primary academies). The cash is administered by the Finance Officer with reimbursements made by the JTMAT COO as required. In the interests of security, petty cash payments will be limited to £50. Locally collected deposits can be made to this account which will be transferred to the JTMAT bank a/c as part of the month end procedures. Personal cheques must not be cashed from petty cash funds.

Each school must implement the following controls:

- a list of cheque signatories (mandate) whereby all cheques must have two authorised signatories;
- a minimum of three signatures should be maintained on the mandate;
- the Head of School may sign all cheques other than those payable to themselves;
- no member of staff is permitted to sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest;
- Petty cash must be securely held at all times with access strictly limited to authorised officials only.

Arrangements must be made with the bank and must include:

- a statement to be provided at least once a month
- to disallow any overdraft

On receipt of the bank statements, the school will reconcile the bank balance to the balance held in the PSF system. Expenditure must be processed into the PSF accounting system against the appropriate budget. The Finance Officer is responsible for entering all transactions into the petty cash records on a regular basis and, if cash is held locally, regular cash counts should be undertaken to ensure that the cash balance reconciles to supporting documentation and the computer balance. The Finance Officer should review and countersign the petty cash reconciliations.

14. SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS

The local governing body is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control.

14.1 SECURITY

Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the CEO/Head of School immediately. Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in a safe is £1,500, unless a higher limit is specifically agreed with insurance. Losses due to theft of stocks or cash shall be promptly reported to the Police, Head of School, LGB and the Chief Executive Officer.

Steps must be taken by the Head of School to ensure that there are effective back up procedures for all computer systems. All back up disks, tapes, etc. should be securely retained in a fireproof safe or remote location, with at least one tape/disk held securely off-site. Recommendations for backup procedures should be regularly checked with the JTMAT Strategic IT Network Manager. Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the school should be promptly revoked. JTMAT shall register with the Information Commissioner, and comply the General Data Protection Regulations (2018).

14.2 INVENTORIES

An asset register should be maintained in a format agreed with governors, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the School, where the current valuation (for property) or the acquisition cost (for other assets) is £10,000

or greater (the capitalisation threshold). All IT equipment should be included regardless of value.

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 and the School's financial system;
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.

The depreciation will be calculated on an annual basis for preparation of the year end accounts.

Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and the Finance Officer will discuss these items on an individual basis.

JTMAT has determined appropriate depreciation rates, based on the assessment of the useful economic life and expected residual value when the assets are acquired. Depreciation will be charged annually using the following straight line percentages:

- | | |
|----------------------------------|-----|
| • Long leasehold property: | 2% |
| • Furniture & equipment: | 10% |
| • Computer equipment & software: | 33% |
| • Motor vehicles: | 20% |

14.3 ACQUISITIONS AND DISPOSAL OF ASSETS

The JTMAT must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following transactions:

- acquiring a freehold on land or buildings;
- disposing of a freehold on land or buildings;
- disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

Schools may dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above) without the approval of the Secretary of State. Any disposal must maintain the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

Some property transactions may be novel or contentious and so require the consent of the Secretary of State on that basis. Novel payments or other transactions are those in which the school or the JTMAT has no experience, or are outside the range of normal business activity for the trust. Contentious transactions are those which might give rise to criticism of the trust by the public or the media. It is difficult to be specific about what might constitute novel or contentious payments; it is for trusts to use their judgement about when they should seek the prior advice of the ESFA. Public money must always be spent prudently and in ways that command broad public support.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Head of School and, where significant, should be sold following due process:

- taking reasonable steps to advertise the disposal
- inviting bids for the asset (sealed bids are preferable)
- negotiating with potential purchasers

The School must seek the approval of the DfE in writing if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.

The JTMAT may agree to give assets bought for a proper purpose, but which are no longer needed for the conduct of its business, to a charity, up to a maximum value of £1,000 per single donation. The residual value of assets is determined by the greater of the written down value or market value.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the School obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the School would need to ensure licences for software programmes have been legally transferred to a new owner.

The School is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other School assets. If the sale proceeds are not reinvested then the School must repay to the ESFA a proportion of the sale proceeds.

15. INSURANCE ARRANGEMENTS

The Local Governing Body will take out such insurance as it sees fit and/or as it is advised, and to comply with statutory requirements and will obtain the following insurance cover as a minimum:

- Buildings and contents
- Business continuity
- Employers and Public Liability
- Travel insurance
- Vehicle insurance

All risks will be reviewed annually to ensure that the cover is adequate. JTMAT preferred scheme is currently the ESFA Risk Protection Arrangement with additional cover purchased for items not included by the scheme.

All contractors must have public liability insurance before they are allowed to undertake work on the School's premises.

Organisations or individuals who hire the School's premises and use its facilities should either be covered by the School's insurance at an additional cost, or must produce a valid public liability insurance with indemnity up to £5,000,000.

16. LGB REGISTER OF PECUNIARY (OR BUSINESS) INTERESTS

The Local Governing Body, of each school shall maintain a 'Register of Pecuniary Interests' that lists the personal interests, financial or otherwise, that could be deemed a potential conflict of interest for any Governor, Head of School or any other member of staff. All Governors and members of staff shall declare in writing if they have a pecuniary interest in a personal capacity in any contract with the school.

The Head of School shall keep the Register up to date as new Governors or staff join the school and must undertake an annual review. A Pecuniary Interest form should contain the following information:

- the name of the relevant member of staff;
- the company or organisation the member of staff has an interest in;
- what the interest is.

Those Governors or staff not holding any pecuniary interests must submit a nil return. Any relevant business and pecuniary interests, especially connected parties, of trustees and members must be published on the academy website.

17. AUDIT

Schools will be subject to internal audits or Peer Review audits as per the Academies Financial Handbook. Also, the school will receive an 'end of year audit' in preparation for submitting the end of year accounts to Companies House.