



FINANCIAL REGULATIONS

22.03.18

Policy Approval Financial Regulations

Holy Family Catholic Multi School MAC

This Financial Regulations Policy has been approved and adopted by the Holy Family Catholic Multi Academy Company on 22nd March 2018 and will be reviewed annually, any amendments by the ESFA to the Academies Financial Handbook before the review date will be automatically adopted.

Signed by Director of the Academy Trust Company:



Kayleigh Sterland-Smith - Chair of Directors

Signed by Headteacher/ Executive Headteacher:

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All payments made must be supported by an appropriate VAT voucher. The claimant must also fill in a Staff Claim Reimbursement form which they need to sign. This will need to be authorised by the budget holder prior to petty cash reimbursement.	30
All petty cash will be kept in a locked box in a secure location. The Headteacher will be responsible for its security.	30
The amount of petty cash held in the school must be kept to a minimum and should never exceed the agreed limit of £50 at any one time. The maximum amount of cash held in the school at any time must never exceed the insured limit for the safe as set by the MAC’s insurance cover.	30
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• Must appoint a statutory Auditor, registered under the requirements of the Companies Act 2006 to certify whether the accounts are true and fair.	40
• Must put the audit contract in writing as a letter of engagement.	40
• Must provide in the audit contract for the removal of the Auditors before the expiry of the term.	40
• Must notify the ESFA immediately for the removal or resignation of Auditors, and reasons.	40
• Must publish the accounts and provide a copy to anyone who requests it.	40

- Must submit the audited accounts to the ESFA by the published date each year. 40
- Must include a statement on regularity, propriety and compliance, signed by school MAC’s Accounting Officer, in the annual report that accompanies the accounts.....40
- Must include a review of the Accounting Officer’s statement on regularity, propriety and compliance within the external Auditor’s remit.40
- Must establish an audit Committee, or a Committee which fulfils the functions of an audit Committee, dependent upon the size of the MAC.40
- Must have the relevant Committee review the risks to internal financial control at the school MAC and agree a programme of work that will address those risks... 40
- Must give the National Audit Office (NAO) officials and contractor’s reasonable help with their enquiries and provide such information and explanation as is reasonable and necessary.....40
- Must provide the ESFA with access to all books, records, information, explanations assets and premises to assist the ESFA from time to time with its audits. 41
- Must retain all records necessary to verify its position in relation to the handbook and the funding agreement, six years after the end of the period to which funding relates.41
- Must provide the ESFA or its agents with information of sufficient quality, necessary to meet funding requirements as and when required.41
- Must notify the ESFA’s chief executive in writing of the vacating or filling of the positions of Chair of Directors, Accounting Officer and Chief Finance Officer. ...41
- Must be aware of the risk of fraud and irregularity and, as far as is possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls.41

18. Appendix A41



INTRODUCTION

The purpose of this document is to ensure that the Holy Family Catholic Multi School Company (the MAC) maintains and develops systems of financial control and procedures 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 school within the Holy Family Catholic Multi School Company (the MAC) must comply with the principles of financial control outlined in the schools guidance published by the ESFA in the School Funding Agreement and the Schools Financial Handbook. This manual expands on those and provides detailed information on the accounting procedures and these financial regulations must be read by all staff involved with financial systems and copies made available as necessary. It also provides a standardized approach to all finance related tasks within the MAC and its schools.

Compliance with the policy is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Accounting Officer.

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

The MAC's Audit and Resources Committee will be responsible for reviewing all controls and procedures of financial systems operating within the MAC. A self- assessment of the financial administration and management within each school is carried out at all levels by the Accounting Officer, the Chief Financial Officer, Headteachers, the relevant finance/ resources Committee and the individual Governing Bodies.

1. ROLES AND RESPONSIBILITIES

The main responsibilities of the MAC 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 an Accounting Officer
- appointment of the Chief Financial Officer in conjunction with the Accounting 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 MAC will be managed by the Directors who may exercise all the powers of the MAC.

The MAC has defined the responsibilities of key Committees and staff involved in the administration of school finances to avoid the duplication or omission of functions and to provide a framework of accountability for Directors, Governors and staff. The Committees that have responsibilities relating to the MAC finances are as follows:

- Board of Directors
- Audit and Resources Committee
- Local Governing Bodies and Individual Committees

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 MAC's finances.

1.1. ROLE OF THE ACCOUNTING OFFICER

The Accounting Officer has overall responsibility for the MAC's activities including financial activities. The Accounting Officer for the MAC is personally 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
- ensuring that measures are in place to prevent loss and misuse of the MAC's property and assets

The essence of the role is a personal responsibility for:

Regularity - dealing with all items of income and expenditure in accordance with legislation, the terms of the MAC's funding agreement and this Handbook, and compliance with internal MAC 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;

Value for money - this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the MAC's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the school MAC but for taxpayers more generally.

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

In practice, much of the financial responsibility is delegated to the Chief Financial Officer but the Accounting Officer still retains responsibility for:

- authorising orders and contracts in conjunction with other authorised signatories in accordance with the agreed Financial Scheme of Delegation
- preparing budget plans in conjunction with the Chief Financial Officer
- implementing expenditure in line with the MAC budget
- seeking Directors approval for purchase orders or contracts in excess of delegated thresholds
- submitting reports to the Directors giving details of income, expenditure and commitments to date
- ensuring any actions resulting from the annual audit are implemented

1.2. ROLE OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer, works in close collaboration with the Accounting Officer through whom they are responsible to the Directors. The Chief Financial officer also has direct access to the Directors and Governors. The main responsibilities of the Chief Financial Officer are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for the MAC central budget and individual schools
- management of the school financial position at a strategic and operational level within the framework for financial control determined by the Directors and Directors
- preparation of budget plans in conjunction with the Accounting Officer and Headteachers
- 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 MAC
- the preparation of monthly management accounts
- monitoring the school cash flow
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance
- additional roles, some of which are not directly finance related, as outlined in the Chief Financial Officer's job description

1.3. ROLE OF THE CENTRAL FINANCE TEAM

Subject to accordance with individual job descriptions the Chief Financial Officer may delegate financial procedures to the Central Finance team.

The Central Finance Team working in collaboration with the Chief Financial Officer are responsible for maintaining adequate financial records in accordance with Schools Financial Handbook

- Budget Plan Entry Form Current Year + 3 preceding years
- Staff Salary Calculations Current Year + 3 preceding years
- Orders, Quotes and Tenders Current Year + 6 preceding years
- Copy Invoices/Credit Notes Current Year + 6 preceding years
- Copy Payment Schedules Current Year + 6 preceding years
- Bank Reconciliation Records Current Year + 6 preceding years

- Education Sales Database Statements Current Year + 2 preceding years
- Bank Statements Current Year + 6 preceding years
- Bank Paying In Slips Current Year + 6 preceding years
- Travel Claims Current Year + 6 preceding years
- Income/Lettings Receipts Current Year + 6 preceding years
- Copy Sundry Debtor Accounts Current Year + 6 preceding years
- Authorised signatories list - orders Current List
- Register of Pecuniary Interests Current List

1.4. THE ROLE OF LOCAL GOVERNING BODIES AND SCHOOLS

- The management of the school is, through its Instruments of Government, the responsibility of its Local Governing Body, and, to the extent of the delegated powers vested in them, the Committees created by the Local Governing Body
- In the event of the Governing body's not being appointed, the Directors will take responsibilities on financial matters
- the Local Governing Body delegates day to day responsibility for carrying out the policies and decisions of the Local Governing Body and its Committees to the Headteacher.
- Throughout these conditions, delegation to the Headteacher shall imply further delegation to a Deputy Headteacher when the Headteacher is not on the School site. Where the Headteacher wishes to permanently delegate certain financial matters or activities, then the level of that delegation shall be notified in writing to the individual(s) concerned reported to the Governing Body and Directors in writing and incorporated in these conditions
- sub-Committees of the Local Governing Body will act strictly within the remit allocated to them by the Local Full Governing Body
- management and administration duties undertaken by the Headteacher and the Directors of the school staff shall be carried out in accordance with the terms of this statement, and within the terms of their contract of employment
- it is the responsibility of the Local Governing Body's Finance Committee to set/ recommend to the full governing body an annual budget for the school for submission to the Directors which accords with the school's aims and objectives, as set out in the current School Improvement Plan, and the legislative responsibilities undertaken by the Governing Body. Such approval should be clearly minuted by the Local Governing Body's Finance Committee or the Full Local Governing Body in sufficient time to allow prompt submission of the plan to the Education and Skills Funding Agency (ESFA) and the Directors

- the Headteacher will prepare a recommendation for expenditure by reference to the anticipated budget provision of the school, sufficiently in advance of each financial year, in order to allow due consideration and approval by the Local Governing Body's Finance Committee. The Headteacher will advise the Local Governing Body's Finance Committee on all areas of the school budget
- the Local Governing Body's Finance Committee will, in each year, consider the recommendation of the Headteacher and will set an Annual Budget. Acting with advice and knowledge acquired from any combination of the Local Governing Body, The Local Governing Body's Committees, Headteacher or staff, The Local Governing Body's Finance Committee and Central MAC Finance staff will ensure that adequate long term budgeting is undertaken in order that the long term performance of the school may be maintained

1.5. THE ROLE OF THE LOCAL GOVERNING BODY

The role of the Local Governing Body in school financial administration is:

- to establish a Finance and Resources Committee and elect its Directors, and to review the Committee's remit and Directorship on an annual basis
- to plan the overall school budget, including priorities for future expenditure
- to approve the annual budget
- to submit the approved budget plan to the Chief Financial Officer
- to maintain a register of pecuniary interests for Governors and staff
- to monitor the effectiveness of internal financial controls and procedures

1.6. THE ROLE OF THE LOCAL FINANCE COMMITTEE

In order to assist in the fulfilment of the Local Governing Body's responsibilities, the Finance and Resources Committee will meet as necessary. Best practice will be to convene meetings at least once a term to:

- determine the school's annual budget, including staffing
- plan the school budget in accordance with the priorities in the School Improvement Plan
- consider reports from the Headteacher comparing expenditure with budget and to approve virements as necessary
- operate the Governing Body's arrangements for obtaining quotations and inviting tenders
- submit to the Directors any proposed write-offs and disposals of surplus stock and equipment

- determine matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the Governors' delegated responsibilities
- determine matters relating to school security
- determine insurance arrangements needed over and above the MAC insurance arrangements
- approve expenditure recommended by the Headteacher above the limits set in the financial scheme of delegation
- consider the findings and recommendations of Responsible Officer Audit reports and findings identified by the Chief Financial Officer
- the Chair of the Committee shall ensure that minutes are signed at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality exclusions), and papers for each meeting should be made available at the school for anyone to read

1.7. THE ROLE OF THE HEADTEACHER

The day-to-day operation of the budget is delegated to the Headteacher, who will be responsible for:

- preparing the school improvement plan and school budget in accordance with priorities agreed by the Governors and submission of these plans to the Governing Body for approval
- managing internal control systems and internal financial transactions in accordance with the MAC's Financial Policies.
- maintaining adequate financial records in accordance with Academies Financial Handbook
 - Budget Plan Entry Form Current Year + 3 preceding years
 - Staff Salary Calculations Current Year + 3 preceding years
 - School Management Plan Current Year + 3 preceding years
 - Virements within Budget Share Current Year + 3 preceding years
 - Delivery Notes Current Year + 6 preceding years
 - Education Sales Database Statements Current Year + 2 preceding years
 - Bank Paying In Slips Current Year + 6 preceding years
 - Register of Pecuniary Interests Current List
 - Inventory Records Current Year + 6 preceding years
 - School registers indefinitely

- setting limits of expenditure for Directors of staff authorised to place requisitions
- providing a monthly budget monitoring report to Governors. This should report any variations in expenditure against the approved budget plan
- providing access to accounting and other relevant records to Audit and implementing Auditor recommendations where necessary
- checking that the school inventory is maintained as accurately and up to date as possible and ensuring that an independent check of the inventory is made at least once a year
- recommending to Governors equipment to be written off or disposed of. Ensuring that disposal of such equipment is adequately recorded in the Governors' minutes and that the disposal of assets is conducted in an open manner and where income generated from disposal is maximised. Ensuring that stolen items are reported to the Finance & Resources Committee before formal approval to delete that item from the inventory/asset register
- ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature
- ensure that adequate controls are in place to ensure that all responsibilities delegated are monitored
- maintain a central file of all submitted applications for grant funding and counter sign and submissions for audit purposes

1.8. THE ROLE OF THE LOCAL SCHOOL FINANCE TEAM

Subject to accordance with individual job descriptions the Headteacher may delegate financial procedures to the school finance team. The school finance team's roles may include:

- ensuring that, in conjunction with the Headteacher, authorisation of orders, invoices and schedules are in accordance with MAC Financial Policies and the Schools Financial Handbook
- prompt and intact banking of income and associated recording of income in accordance the Schools Financial Handbook
- administering the recording of income received. Retention of all documents such as collection records and receipts to support the transactions processed through the central finance system.
- assisting in the maintenance of an accurate inventory and associated security procedures
- maintaining the Parentpay system for the school and ensuring that all income is recorded.

1.9. THE ROLE OF THE STAFF

The role of staff in school financial administration is:

- to familiarise themselves with this Policy
- to conduct all financial transactions relating to the school in accordance with this Financial Policy
- to manage any budget delegated to them by the Headteacher responsibly, and after due consultation with relevant staff
- to actively seek 'best value' on all work, goods, materials or services procured on behalf of the school
- to ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the administrator for processing

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

2. DELEGATED AUTHORITY TO THE MAC

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

Liabilities and write-offs

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

- 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 school MACs that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new schools that have not had the opportunity to produce two years of financial statements
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any school MACs that have submitted timely, unqualified financial returns for the previous two financial years

The MAC should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. The MAC should only consider writing-off losses after careful appraisal of the facts. However, there will be both practical and legal limits to how cases should be handled.

The amounts for write-offs are before any successful claims from an insurer.

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

Severance Payments

If the MAC is considering making a staff severance payment above the contractual entitlement, it must consider the following issues:

- that Directors reasonably consider the proposed payment to be in the interests of the MAC
- whether such a payment is justified, based on a legal assessment of the chances of the Directors successfully defending the case at an employment tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement
- if the settlement is justified, the Directors 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

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

If the MAC is considering making a compensation payment 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. It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of the control systems; and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.

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

Asset sales, leases and tenancy agreements

There are two types of lease, as defined under relevant financial reporting standards. There are finance leases (which are a form of borrowing) and there are operating leases (which do not involve borrowing). MACs 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.

The MAC must seek and obtain prior written approval from 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 seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land or buildings to another party

MAC's may take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above), without ESFA approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require ESFA approval. Leases should be disclosed in companies' annual accounts in accordance with the Academies Accounts Direction.

If the MAC does wish to enter into a lease that requires ESFA consent, then the MAC will need to contact the ESFA in the first instance. The MAC must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the ESFA is required.

3. REGISTER OF INTERESTS

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all 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 MAC may purchase goods or services.

The register is open to public inspections and should include all business interests such as Directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the MAC, Trusteeships and Governorships at other educational institutions and charities. 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 Director, Governor or a Director 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, Directors, Local Governors of schools within the MAC and senior employees must be published on the MAC's websites.

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

No member, director, local governor, employee or related individual or organisation used their connection to the MAC for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the MAC. There should be no payments to any director by the MAC unless such payments are permitted by the articles, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered into with the Secretary of State. The MAC needs in particular to consider these obligations where payments are made to other business entities who employ the director, are owned by the director, or in which the director holds a controlling interest. Prior approval from the Charity's Commission should be obtained where the MAC believes there is a significant advantage to paying the director as acting as a director. The MAC should be aware of the Charity Commission's guidance for trustees CC11: Trustee expenses and payments.

In line with the Academies Financial Handbook the MAC must pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include services provided under a contract of employment):

- any member or director of the MAC
- any individual or organisation connected to a member or director of the MACt. For these purposes the following persons are connected to a member, or director:
 - a relative of the member or director. A relative is defined as: a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
 - an individual or organisation carrying on business in partnership with the member, director or a relative of the member or director
 - a company in which a member or the relative of a member (taken separately or together), and/or a director or the relative of a director (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
 - an organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a director or the relative of a director (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes
- any individual or organisation that is given the right under the MAC's articles of association to appoint a member or director of the MAC; or any body related to such individual or organisation
- any individual or organisation recognised by the Secretary of State as a sponsor of the MAC; or any body related to such individual or organisation

4. PROCESS FOR INDEPENDENT CHECKING

The MAC must have in place a process for independent checking of financial controls, systems, transactions and risks.

The Audit & Resources Committee for the MAC 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 MAC and agree an annual programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external Auditors.

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

- the work of an internal audit service (either in-house, bought-in or provided by a sponsor)
- the performance of a supplementary programme of work by the MACs External Auditors
- completing the work by peer review

This programme will provide Governors with an independent oversight of the MAC's financial affairs. The main duties of the review is to provide the Governing Body with independent assurance that:

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

4.1. INVESTIGATION OF FRAUD AND IRREGULARITY

The personal responsibilities of Accounting Officer responsibilities extend to the prevention of loss through fraud and irregularity. However, in addition to the Accounting Officer's responsibilities, the Directors are also responsible for preventing such losses of public funds, and this means that 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. The MAC is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The MAC outlines further procedures on this in the Fraud and Anti-Corruption Policy.

All instances of fraud or theft committed against the MAC, whether by employees, Governors, Directors or third parties, exceeding £5,000 individually, or £5,000 cumulatively in any school financial year must be reported by the MAC 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 school either as the result of a formal notification from the MAC itself or as the result of other information received.

4.2. APPOINTMENT OF EXTERNAL AUDITORS

The MAC 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 one year period renewable at the discretion of the MAC.

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 School throughout the financial year
- grants made by the ESFA have been applied for the purposes intended

The MAC should arrange for on-going monitoring of the performance of the Auditors to be undertaken by the Audit and Resources Committee.

5. ACCOUNTING SYSTEM

All the financial transactions of the MAC are recorded on the Access Dimensions accounting system operated by the Finance Department in the Central MAC Finance Team. A Finance Portal is used in the individual Schools to view financial information and the raise purchase requisitions and receipt goods. Parentpay is also used within individual Schools to receipt and record Income.

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).

5.1. SYSTEM ACCESS

The Access Dimensions 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 Access Dimensions should be restricted and the Chief Financial Officer is responsible for determining the access levels for all Directors of Staff using the system.

All leavers with previous access to Access Dimensions must have their access permissions formally removed.

5.2. BACK-UP PROCEDURES

The Chief Financial Officer is responsible for ensuring that there are effective back up procedures for the system. The Access Dimensions accounting system is backed up on a daily basis as part of a Service Level Agreement with ICT Service Provider - Warwickshire Education Services. Daily backups are to a secure secondary location.

The Chief Financial Officer should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Directors of the major risks to which the MAC is exposed and the systems that have been put in place to mitigate those risks.

5.3. TRANSACTION PROCESSING

All transactions input to the 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. All journal entries must be documented in Access Dimensions. Bank transactions should be input by the Finance Officer and the input should be checked, and signed to evidence this check, by the Chief Financial Officer.

5.4. TRANSACTIONS REPORTS

The Chief Financial 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
- weekly bank statement reconciliations
- monthly procurement card statements
- monthly VAT returns
- monthly aged debtor and creditor reports
- management accounts summarising expenditure and income against budget at budget holder level

5.5. RECONCILIATION PROCEDURES

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against the school's account(s) are valid and verify that they are the responsibility of the school. The Chief Financial Officer is responsible for ensuring that controls are in place for these checks to be carried out. The Chief Financial Officer will delegate the reconciliations to the Central Finance Team but will retain oversight and authorization of all reconciliations.

The Central Finance Team are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- payroll
- bank balance per the nominal ledger to the bank statement
- procurement cards

- VAT
- trial balance
- purchase ledger
- sales ledger
- fixed asset register

Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Financial Officer. The Chief Financial Officer will review and sign all reconciliations as evidence of their review.

Finance Officers at all schools in the MAC are responsible for ensuring the following reconciliations are performed each month for the MAC, and that any reconciling or balancing amounts are cleared:

- procurement card statements

6. FINANCIAL PLANNING

The MAC prepares both medium term and short-term financial plans. The medium term financial plan is prepared as part of the strategic planning process. The strategic SDP indicates how the MAC's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The strategic SDP provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the MAC and the planned use of those resources for the following year.

The strategic planning process and the budgetary process are described in more detail below.

6.1. THE STRATEGIC DEVELOPMENT PLAN (SDP)

The strategic SDP is concerned with the future aims and objectives of the MAC and how they are to be achieved; that includes matching the MAC's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

The form and content of the strategic SDP are matters for each school to decide but due regard should be given to the matters included within the guidance to schools and any annual guidance issued by the ESFA.

Each year the Accounting Officer will propose a planning cycle and timetable which allows for:

- a review of past activities, aims and objectives - "did we get it right?"

- definition or redefinition of aims and objectives - “are the aims still relevant?”
- development of the plan and associated budgets - “how do we go forward?”
- implementation, monitoring and review of the plan - “who needs to do what by when to make the plan work and keep it on course”
- feedback into the next planning cycle - “what worked successfully and how can we improve?”

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Accounting Officer.

The completed strategic SDP will include detailed objectives for the coming academic year and the wider School Improvement Plans (SIP) will outline objectives for the following two years as well. The plan will also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

6.2. ANNUAL BUDGETS

Annual budgets will reflect the best estimate of the resources available to the each school for the forthcoming year and how those resources are to be utilized by each school. There should be a clear link between the strategic SDP 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 schools within the MAC to assess likely level of receipts
- review of past individual performance against budgets to promote an understanding of the MAC cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost, e.g. pay increases, inflation and other anticipated changes
- liaising with external agencies including major suppliers to ensure that the MAC’s best financial interests are met

Individual school 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 surplus is identified at an individual school within the MAC, this may be held back as a contingency or alternatively carried forward to invest in future years’ priorities for the students that the school serves.

It will be the responsibility of each Local Governing Body's Finance Committee to set/ recommend to the Full Governing Body of their respective school an annual budget for submission to the Directors. 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 behind the plan so that if circumstances change, it is easier for all concerned to take remedial action.

The Chief Financial Officer, in conjunction with the Accounting Officer, is responsible for preparing and obtaining approval for the MAC's annual budget, which aggregates the budgets of each school in the MAC. The budget must be approved by the Directors.

The approved aggregated budget must be submitted to the Education and Skills Funding Agency (ESFA) by 31 July each year or at a date specified by the ESFA and the Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

Budgets should be seen as a working document which may need revising throughout the year as circumstances change.

6.3. MONITORING AND REVIEW

Budget monitoring reports are available in the Access Dimensions reporting suite in which actual variances are highlighted against budget allocations. Monthly reports should be prepared by the Central Finance Team for each school in the MAC. The reports will detail actual income and expenditure against budget for the period of reporting, the year to date and a forecast of projected year end balances.

The Chief Financial Officer will produce and provide an aggregated report for the Accounting Officer and the Directors.

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 Financial Officer.

Each school should present monitoring reports to Finance Governors at least three times a year, and, after approval from this body, the reports should be reported to the school's Governing Body. Copies should also be provided to the Directors Finance and Resources Committee.

7. PAYROLL

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

7.1. STAFF APPOINTMENTS

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

Directors have the authority to appoint the Accounting Officer.

Directors have the authority to appoint the Headteacher and Senior Leaders at each school.

Directors have the authority to appoint the Chief Financial Officer.

The MAC operates a centralised HR and Payroll system. Therefore each school in the MAC maintains personnel files for all members of staff which include signed contracts of employment. These records are also retained at the Central MAC Office. All personnel changes must be notified to the Head of HR / Payroll Officer immediately.

The Accounting Officer is responsible for ensuring that the MAC's Pay Policy is implemented.

The Head of HR is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered and Headteachers will be responsible for maintaining accurate records of all staff employed at their school in a single central record.

Personnel information is held in manual files under the guidance of the Head of HR 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.

Amendments and terminations of employment follow the same authorisation procedures as appointments and are laid out in the Financial Scheme of Delegation.

7.2. PAYROLL ADMINISTRATION

The MAC's payroll is administered by the Central MAC Finance and HR Team.

Amendments to payroll data, e.g. appointments, resignations, pay changes and overtime, are entered on the monthly payroll form. This is then authorised by the HeadTeacher of the individual school. This payroll form is submitted to the MAC Central Payroll Officer and is then entered on to the payroll system - Star payroll. Additional authorisation is obtained where the Financial Scheme of Delegation dictates.

A preliminary payroll is prepared by the Payroll Officer. This is reviewed by the Head of HR and the Chief Financial Officer for accuracy and checked back to source documentation.

A final payroll is then run with any amendments. This is authorised by the Head of HR, Chief Financial Officer and Accounting Officer.

All supply teacher, casual working and overtime claims must be checked and confirmed by a budget holder and must be forwarded promptly to the Payroll Officer. The Chief Financial Officer and Head of HR will check a sample of supply teacher, overtime, casual and expenses as part of the internal independent checking procedures to ensure that the payroll system is operating correctly.

All submissions to external bodies such as HMRC, Teachers Pensions and Local Authority Pension Schemes are prepared by the Payroll Officer and authorised by the Chief Financial Officer and Accounting Officer in line with the Financial Scheme of Delegation.

The Accounting Officer is responsible for ensuring that monthly management checks are carried out to ensure that all the internal control mechanisms shown above are in place and are being adhered to.

The MAC must ensure that senior officers' payroll arrangements fully meet tax obligation and comply with HM Treasury's guidance regarding employment and contract arrangements of individuals on the avoidance of tax.

7.3. PAYROLL PAYMENTS

All staff are paid monthly by bank credit transfer to their bank accounts.

The MAC 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.

Business expense claims may be processed and paid directly by BACS unless it relates to a benefits in kind payment. Valid receipts must be held and retained in support of any reimbursements. The MAC may determine their own rates of reimbursement for mileage claims but if they exceed the HMRC Approved Rate they will render the claimant liable to income tax and N.I. on the excess amount. The MAC therefore maintains its rate of reimbursement for mileage claims at or below the current HMRC Approved Rates.

8. PROCUREMENT

The MAC 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 their purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- **Probity:** it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the MAC
- **Accountability:** the MAC is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness:** that all those dealt with by the MAC are dealt with on a fair and equitable basis.

8.1. ROUTINE PURCHASING

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by their Governing Body. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. A report detailing actual expenditure against budget is available online via the Finance Portal to each budget holder on a real time basis. Budget holders can see all orders and expenditure against their budget plus what remaining funds are available.

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

- all orders are placed by the Central MAC Finance Team. Individual schools raise Internal Purchase Requisitions to advise the Central Team as to what needs to be ordered
- orders should not be entered into verbally and unless a Purchasing Card has been used, orders should always include the school's terms & conditions of the order and protects the MAC against terms and conditions imposed by suppliers in the absence of quoted terms & conditions
- the use of 'Official Orders' through the Access Dimensions accounting system automatically updates the financial records and enables committed expenditure to be included in management information for stakeholders
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders should be emailed to suppliers, in order to reduce timelines.
- orders should only be approved in accordance with the authorised limits within the Financial Scheme of Delegation.
- orders may only be used for goods and services provided to the MAC. Private individuals and other organisations may not use 'Official Orders' to obtain work, goods, materials and services net of VAT
- **orders under £1,000** - can be ordered by budget holders, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:
 - supplier chosen from the list of approved suppliers maintained by the Finance Office
 - bulk purchasing of common consumables
 - negotiating discounts
 - taking advantage of sale seasons
 - obtaining alternative quotations wherever possible
- **orders over £1,000 but less than £10,000** - at least three written quotations should be obtained for all orders between £1,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached to the purchase order 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 over £10,000 but less than £50,000** - all goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000, must be subject to three written quotations and must be referred to the Accounting Officer
- **orders over £50,000** - will be subject to a tendering policy

The Central Finance Team must make appropriate arrangements for the delivery of goods and services to the school. On receipt of goods and services there must be a detailed check of the goods and services received against the purchase order (or equivalent in exceptional circumstances). Goods and Services should be receipted by school staff on the Finance Portal so that all discrepancies can be discussed with the supplier of the goods and services without delay by the Central Finance Team.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Central Finance Team should be notified.

All invoices should be sent to the Central finance office to be checked against the purchase order (or equivalent in exceptional circumstances) and the goods receipt to evidence the following:

- invoice arithmetically correct
- goods/services received
- goods/services as ordered
- prices correct.

Invoices will be loaded onto Access Dimensions and Budget Holders will be emailed with a request for authorisation for payment. Budget Holders can authorise via the Finance Portal. Authorisation limits are embedded within the Finance software and adhere to the Financial Scheme of Delegation.

8.2. BUSINESS CHARGECARDS

Business Chargecards are held by named cardholders in each school.

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. The Cardholder is liable for the integrity of all transactions and proper and controlled use of the procurement card. All receipts must be produced and reconciled monthly to the monthly statement by the Cardholder and reviewed and signed off by the Headteacher.

Monthly statements are available to all Cardholders and also to the Central Finance Team.

The Chief Financial Officer will check a sample of each school's monthly reconciliations as part of the internal independent checking procedures to ensure that the business charge card system is operating correctly.

9. LIMITS OF DELEGATION

The following limits will be applied to the schools in the MAC and are further detailed in Appendix A.

9.1. VIREMENTS WITH BUDGET SHARE

The Headteacher is authorised to vary the annual budget prepared by the Finance Committee and approved by the Full Local Governing Body. 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 within Budget Share' shall not exceed £5,000 in the primary schools and £25,000 in the secondary school. A 'Virement within Budget Share' in excess of £5,000 or £25,000, as appropriate, should be recommended to the Finance and Resources Committee by the Headteacher and actioned

after minuted approval of the 'Virement within Budget Share' by the Finance and Resources Committee.

9.2. ORDERS

The sum of up to £5,000 is the amount authorised by the Headteacher on any single order in the Primary schools.

Any single order over £5,000 up to £25,000 in a Primary school is authorised by the Local Governing Body.

The sum of up to £10,000 is the amount authorised by the Headteacher on any single order in the High school.

Any single order over £10,000 up to £50,000 in a High school is authorised by the Local Governing Body.

Any single order over £50,000 is authorised by the Directors Audit and Resources Committee.

Any single order over £100,000 is authorised by the Full Board of Directors.

The Headteachers, the Central Finance Team and the Chief Financial Officer will, however, comply with financial regulations, as detailed in section 11 - Procurement of Goods and Services (see below).

9.3. INVOICES

Invoices will be put onto the Finance System by the Central Finance Team and then distributed for authorisation for payment by the relevant cost centre holder. Authority limits are as per orders section and shown in Appendix A and the Financial Scheme of Delegation.

10. FINANCIAL REPORTS TO GOVERNORS

The Headteacher is responsible for providing the Local Governing Body, the Chief Financial Officer and the MAC Directors Finance and Resources Committee with a report on the budgetary position of the school at regular intervals. The report should be produced on a monthly basis and presented to Governors at least once a term.

Financial reports should be reliable and relevant to users, the characteristics of good quality financial information are:

- **Produced promptly.** Financial reporting should be carried out in line with the Academies Financial Handbook
- **Accurate.** Actual expenditure appearing on the report should agree to what has been processed on Access Dimensions. Where amounts have been charged to the school and are still in dispute, these should still be included in the actual expenditure until queries have been resolved
- **Complete.** To provide Governors with a "true and fair" view of the school's financial position the reports must include committed expenditure. For information

to be complete expenditure that the school has been committed to including details of orders and invoices outstanding must be included

- **Understandable.** Reports need to be understandable to the intended recipient; in particular financial reports to Governors should be jargon free
- **Concise.** Reports should be summarised and not contain an unnecessary amount of detail. Expenditure and budget totals should be summarised to the headings contained in the annual ESFA funding statement and in the annual accounts
- **Include a profiled budget.** To ascertain whether the level of expenditure to a given date is reasonable, the expected expenditure up to the same date should be provided by the inclusion of a profiled budget. Based on knowledge of the school's spending patterns the profile looks at the total budget for the year and indicates what percentage of that budget it would be reasonable to have spent by the specified date
- **Include explanatory notes.** Where there are significant variances on budget headings an explanation should be provided with the report. Proposed actions to address variances should also be reported and actions agreed should be minuted. Where large orders are due to be placed, this may also require a note to the report
- **Include a projected out-turn** on at least a termly basis, which is an estimate of the final budget position of the school at the end of the financial year

11. BANKING ARRANGEMENTS

All banking arrangements will be made with the full approval of the Board of Directors by means of a special resolution made at a meeting of the Board, and in accordance with the requirements of the ESFA.

- The MAC's bank must be informed that the MAC accounts must never become overdrawn.
- Directors have agreed that where the cash flow position is such that the bank account might become overdrawn, then the Accounting Officer has the authority to request from the ESFA an early advance of the monthly budget allocation. Confirmation that such a request has been made must be notified to the Chief Financial Officer and Directors at the next meeting, together with an explanation as to the reasons why and the additional cost to the MAC in terms of interest charged.
- Directors will wish to maximise income as far as possible and, where appropriate, a high interest or deposit account will be maintained, in addition to the normal current account.
- Surplus balances will, as far as possible, be transferred to a high interest or deposit account.
- A minimum of three signatures should be maintained on the bank mandate.

- Payments will only be made with the authorisation of any two signatories from the MAC mandate.
- Direct Debits and Credits will only be made with the authorisation of any two signatories from the MAC mandate.
- Use of charge cards and/or credit cards will be allowed in accordance with MAC regulations. All charge cards should be held in a safe and signed for if being used off site. Accounts must be reconciled and balanced to receipts on a monthly basis.

12. PETTY CASH

Minor items of expenditure can be paid or reimbursed to staff through the School's own petty cash system. This should only be in exceptional circumstances.

Expenditure paid through petty cash must not exceed the agreed limit of £20 in any one transaction. Requests for amounts above this limit can only be authorised by Chief Financial Officer.

All payments made must be supported by an appropriate VAT voucher. The claimant must also fill in a Staff Claim Reimbursement form which they need to sign. This will need to be authorised by the budget holder prior to petty cash reimbursement.

All petty cash will be kept in a locked box in a secure location. The Headteacher will be responsible for its security.

The amount of petty cash held in the school must be kept to a minimum and should never exceed the agreed limit of £50 at any one time. The maximum amount of cash held in the school at any time must never exceed the insured limit for the safe as set by the MAC's insurance cover.

The individual schools will be responsible for the monthly reconciliation of their petty cash at the end of the month. This will then be submitted to the Chief Financial Officer for entry onto the MAC's financial system along with all supporting documentation.

Any special arrangements for obtaining petty cash must be notified to the Directors of the MAC.

13. 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

13.1. SECURITY

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

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 Headteacher 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 £1,000, unless a higher limit is specifically agreed with insurance.

Losses due to theft of stocks or cash shall be promptly reported to the Police, Headteacher, Governing Body and the Accounting Officer.

Steps must be taken by the Headteacher 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 school IT support provider.

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.

The Headteacher and the Governing Body shall register with the Information Commissioner, and comply with all regulations relating to by the Data Protection Act 1998.

13.2. INVENTORIES

An Asset Register should also be maintained in a format agreed with Directors, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the schools, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the de-minimis level of £2,000.

The Asset Register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of Director of staff responsible for the asset

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 MAC'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 Chief Financial Officer will discuss these items on an individual basis.

The MAC 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:

- | | |
|----------------------------------|-------|
| • Leasehold land: | 0% |
| • Furniture & equipment: | 33.3% |
| • Computer equipment & software: | 33.3% |
| • Motor vehicles: | 33.3% |

All the items in the asset register should be permanently and visibly marked as the school's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Governing Body. Inventories of school property should be kept up to date and reviewed regularly. Where items are used by the school, but do not belong to it, this should be noted.

The immediate responsibility for the safeguarding of equipment lies with the end user departments. In support of this, the School provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover.

13.3. ACQUISITIONS AND DISPOSAL OF ASSETS

The MAC must seek and obtain prior written approval from 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 MAC'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

The MAC may dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above) without the ESFA's prior approval. The MAC must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can 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 ESFA on that basis. Novel payments or other transactions are those in which the MAC has no experience, or are outside the range of normal business activity for the MAC. Contentious transactions are those which might give rise to criticism of the MAC by the public or the media. It is difficult to be specific about what might constitute novel or contentious payments; it is for MACs 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 Headteacher 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 MAC 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 MAC obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the MAC would need to ensure licences for software programmes have been legally transferred to a new owner.

13.4. LOAN OF EQUIPMENT

Items of school property must not be removed from MAC premises without the authority of the Head of Department or Headteacher. A record of the loan must be recorded and the asset booked back in when it is returned.

If assets are on loan for extended periods or to a single Director 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 MAC's Auditors.

14. CHARGING POLICY

The MAC is committed to the general principle of free education and recognises the valuable contribution that a wide range of activities, including school visits and residential experiences, can make towards all aspects of students' education. It also believes that all our students should have an equal opportunity to benefit from school activities and visits (curricular and extracurricular) independent of their parent's financial means.

The MAC recognises its responsibility to ensure that the offer of activities and educational visits does not place an unnecessary burden on family finances. To this end we will try to adhere to the following guidelines:

- where possible we shall publish a list of visits (and their approximate cost) at the beginning of the school year so that parents can plan ahead
- we have established a system for parents to pay in installments
- when an opportunity for a trip arises at short notice it will be possible to arrange to pay by installments beyond the date of the trip

The 1996 Education Act requires all schools to have a policy on charging and remissions for school activities, which will be kept under regular review.

The policy identifies activities for which:

- voluntary contributions may be requested
- charges will be made
- charges will not be made
- charges may be waived

14.1. VOLUNTARY CONTRIBUTIONS

Separately from the matter of charging, schools may always seek voluntary contributions in order to offer a wide variety of experiences to pupils. All requests for voluntary contributions will emphasise their voluntary nature and the fact that pupils of parents who do not make such contributions will be treated no differently from those who have.

The Law states:

- if the activity cannot be funded without voluntary contributions the Governing Body or Headteacher will make this clear to parents from the outset
- no child will be excluded from an activity because his or her parents are unable or unwilling to pay
- if insufficient contributions are received, the trip or activity may have to be cancelled
- if a parent is unwilling or unable to pay their child will still be given an equal chance to on the visit

14.2. CHARGES WILL BE MADE

The MAC reserves the right to make a charge for the following activities which may from time to time be organised by the school:

- **activities outside school hours** - the school will endeavour to provide a range of such activities from time to time. These will sometimes include day and residential experiences, and are known generally as 'optional extras'. Charges may be made for these activities EXCEPT where they are provided to fulfil any requirements specified in the syllabus of a prescribed public examination or are required in order to fulfil statutory duties relating to the National Curriculum or to religious education in which case they are not regarded as optional extras as such and charges cannot be made. (Board and lodging charges may still however be made for any residential activities subject to the remission arrangements described below (time spent on travel counts in this calculation if the travel itself occurs during school hours)
- **residential activities held during school hours** - charges may be made for the board and lodging element of those residential activities during school hours. Parents will be notified in advance of any such activities which the school proposes to organise and the estimated cost. Parental consent will be obtained for their children's participation in any such activities for which a charge may be made. However pupils whose parents are in receipt of certain benefits (see remissions policy below) may not be charged for board and lodging costs
- **music tuition** - music tuition for individuals or groups of up to 4 pupils
- **home to school student transport** - costs incurred by the school in providing home to school transport for students who live outside of the school's designated catchment area

Parents will be notified in advance of any 'optional extras' which the school proposes to organise and the estimated cost. Parental consent will be obtained if their children are to participate in any activities for which a charge may be made.

Any charge for a particular activity will be dependent upon the type of activity and its cost and the number of participants. This charge will not exceed the actual cost of providing the activity, divided equally by the number of pupils willing to participate. The cost of other pupils participating in the visit will not be included in the charge. The charge may however include an appropriate element for such things as:

- the pupil's travel costs
- the pupil's board and lodging costs
- materials, books, instruments and other equipment
- non-teaching staff costs
- entrance fees to museums, castles, theatres, etc.
- insurance costs
- the expenses only of participating teachers engaged on a separate contract for services to provide the 'optional extra'
-

14.3. CHARGES WILL NOT BE MADE

Charges will not be made for the following:

- an admission application
- education provided during school hours (including the supply of any materials, books, instruments or other equipment). Where materials are to be kept by the student there may be a voluntary contribution.
- education provided outside school hours if it is part of the National Curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of the school's basic curriculum for religious education
- tuition for pupils learning to play musical instruments (or singing) if the tuition is required as part of the National Curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of religious education
- entry for a prescribed public examination, if the pupil has been prepared for it at the school
- examination re-sit(s) if the pupil is being prepared for the re-sit(s) at the school. However, if a pupil fails, without good reason, to meet any examination requirement for a syllabus a charge will be made
- education provided on any trip that takes place during school hours. The Governors have agreed that a voluntary charge may be made.
- supply teachers to cover for those teachers who are absent from school accompanying pupils on a residential trip

- transport provided in connection with an educational trip. The Governors have agreed that there may be a voluntary charge.

14.4. REMISSIONS

In order to remove financial barriers from disadvantaged pupils, the MAC has agreed that some activities and visits where charges can legally be made will be offered at no charge or a reduced charge to parents in particular circumstances. This remissions policy sets out the circumstances in which such charges will be waived.

Families will qualify for remission or help with charges if they are in receipt of:

- Income Support
- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Support under part VI of the Immigration and Asylum Act 1999
- Child Tax Credit, provided that Working Tax Credit is not also received and the family's income (as assessed by Her Majesty's Revenue and Customs) does not exceed £16,190
- Universal Credit

Additional categories of parents may claim help with some costs in the following circumstances:

- specific individual circumstances that have caused temporary hardship
- recently moved into hardship but not yet receiving the benefits mentioned above
- made a specific request to the Headteacher for any other justifiable reason. The remission is at the Headteacher's discretion in these circumstances based on any evidence provided

15. INSURANCE ARRANGEMENTS

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

- Buildings and contents
- Business continuity
- Employers and Public Liability

All risks will be reviewed annually to ensure that the cover is adequate.

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

People hiring the School's premises and using 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.

Schools will need to consider additional insurance as and when it is needed for items such as:

- Overseas educational trips
- Large building works

16. RECEIVING INCOME

The main sources of income for the MAC are the grants from the Education and Skills Funding Agency (ESFA). The receipt of these sums is monitored directly by the Chief Financial Officer who is responsible for ensuring that all grants due to each School are collected.

Schools also obtain income from:

- student teachers from universities and other institutions
- hiring of premises and facilities
- school meal sales
- uniform sales
- students, mainly for trips
- external peer review and support services
- teaching school

Charges can also be made to students to subsidise the costs of certain activities (see section 14. Charging Policy). Certain curriculum departments generate some income through entrepreneurial activities. Such charges should be made in accordance with the MAC's charging policy.

Premises hire charges are determined by the Local Governing Body's policy on premises hire, unless exceptional circumstances require otherwise. In such circumstances, charges

are determined at the discretion of either the Headteacher, the Accounting Officer or the Head of Premises.

Bookings for lettings are made through the school. The school admin staff produces a list of hirers for invoices to be prepared and sent to the Central Finance Office with a booking form. The Headteacher or Head of Premises authorizes the list prior to invoices being raised.

When appropriate, all income received should be recorded immediately on the Cash Collection Forms. All monies received must be banked intact as soon as is practicable. All cheques banked must be entered on the bank paying-in slip.

For normal day-to-day transactions, the Finance Officer in the individual School will be responsible for receiving income and banking of income. The Headteacher or another named person shall periodically check that all the monies due to the School have been collected and banked. For example, cross-checking the Cash Collection Form to the copy bank paying-in slip and relevant reconciliation entry.

Personal cheques will not be cashed from money received and due to the School.

All outstanding invoices should be reviewed each month by the Central Finance Team and pursued to ensure that the School receives all monies due.

Schools may write off debts and losses, including any uncollected fines up to the following delegated limits:

- £100 Headteacher
- £500 Chief Financial Officer
- £1,000 Directors Audit and Resources Committee
- Over £1,000 Board of Directors

17. MISCELLANEOUS ISSUES

17.1. REGISTER OF PECUNIARY (OR BUSINESS) INTERESTS

The MAC Directors, Governing Body, or relevant Committee of the Governing Body, 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 Director, Governor, Headteacher or any other Director of staff. All Directors, Governors and Directors of staff shall declare in writing if they have a pecuniary interest in a personal capacity in any contract with the school.

The Accounting Officer and Headteachers shall keep the Register up to date as new Directors, 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 Director of staff
- the MAC or organisation the Director of staff has an interest in

- what the interest is

Those Directors, Governors or staff not holding any pecuniary interests must submit a nil return.

Any relevant business and pecuniary interests, especially connected parties, of Directors and Governors must be published on the school website.

17.2. GIFTS

All gifts to the school either in kind or in money should be recorded. Full details of the treatment of gifts can be seen in the Gifts and Hospitality Policy.

17.3. EXPENSES PAID TO GOVERNORS

Expenses may be paid to Governors in accordance with DfE/ESFA guidance.

17.4. AUDIT

The MAC will be subject to annual Responsible Office audit as per the Academies Financial Handbook. Also, the MAC will receive an 'end of year audit' in preparation for submitting the end of year accounts to Companies House. The year end audit requirements are:

- Must approve a set of accounting policies.
- Must produce audited MAC accounts in line with the 'Statement of Recommended Practice' (SORP) for charities.
- Must appoint a statutory Auditor, registered under the requirements of the Companies Act 2006 to certify whether the accounts are true and fair.
- Must put the audit contract in writing as a letter of engagement.
- Must provide in the audit contract for the removal of the Auditors before the expiry of the term.
- Must notify the ESFA immediately for the removal or resignation of Auditors, and reasons.
- Must publish the accounts and provide a copy to anyone who requests it.
- Must submit the audited accounts to the ESFA by the published date each year.
- Must include a statement on regularity, propriety and compliance, signed by school MAC's Accounting Officer, in the annual report that accompanies the accounts.
- Must include a review of the Accounting Officer's statement on regularity, propriety and compliance within the external Auditor's remit.
- Must establish an audit Committee, or a Committee which fulfils the functions of an audit Committee, dependent upon the size of the MAC.
- Must have the relevant Committee review the risks to internal financial control at the school MAC and agree a programme of work that will address those risks.
- Must give the National Audit Office (NAO) officials and contractor's reasonable help with their enquiries and provide such information and explanation as is reasonable and necessary.

- Must provide the ESFA with access to all books, records, information, explanations assets and premises to assist the ESFA from time to time with its audits.
- Must retain all records necessary to verify its position in relation to the handbook and the funding agreement, six years after the end of the period to which funding relates.
- Must provide the ESFA or its agents with information of sufficient quality, necessary to meet funding requirements as and when required.
- Must notify the ESFA's chief executive in writing of the vacating or filling of the positions of Chair of Directors, Accounting Officer and Chief Finance Officer.
- Must be aware of the risk of fraud and irregularity and, as far as is possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls.

18. Appendix A

Financial Scheme of Delegation - Authorisation Limits

Expenditure Limits

MAC Directors Audit and Resources Committee	£100,000
Accounting Officer	£50,000

Chief Financial Officer	£10,000
Headteachers (High Schools)	£10,000
Headteachers (Primary Schools)	£5,000
Deputy Headteachers	£1,000
Financial Controller	£5,000
Catering Manager (High School)	£1,000
Budget Holders (High School)	£500

Business Charge Card Limits

Headteacher	£1,000
Chief Financial Officer	£6,000

Virement Limits

Headteacher (High School)	£25,000
Headteacher (Primary School)	£5,000

Ordering Process

One Quote	£1,000
Three Quotes	£10,000
Three Quotes plus Accounting Officer	£50,000
Three Quotes plus MAC Audit and Resources	£100,000