



DIOCESE OF SOUTHWELL
& NOTTINGHAM

MULTI ACADEMY TRUST

Diocese of Southwell and Nottingham Multi Academy Trust Financial Regulations Manual

Contents

1	Introduction	2
2	Organisation	2
3	Accounting System	11
4	Financial Planning	12
5	Payroll	15
6	Purchasing	16
7	Income	21
8	Cash Management	22
9	Fixed Assets	26
10	VAT	27
Appendix A	Accounting Policies	29

1. Introduction

- 101 The purpose of this manual is to ensure that the Diocese of Southwell and Nottingham Multi Academy Trust (SNMAT) 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 SNMAT's funding agreement with the Department for Education (DfE).
- 102 SNMAT must comply with the principles of financial control outlined in the Academy Trust Handbook published by the DfE. This manual expands on that and provides detailed information on SNMAT's accounting procedures. The manual should be read by all staff involved with financial systems.

2. Organisation

- 201 SNMAT has defined the responsibilities of each person involved in the administration of SNMAT finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors, local governors, and staff. The financial reporting structure is illustrated below and should be read in conjunction with the relevant scheme of delegation of the individual academy:

Education and Skills Funding Agency (ESFA)

- 202 In accordance with the Academy Trust Handbook (ATH) the Trust must obtain prior approval from the ESFA for the following transactions:
- Severance, compensation, and ex-gratia payments over £50,000 (ATH 5.10, 5.15 and 5.18)
 - Write-offs, letters of comfort and indemnities over the delegated limits set out in the (ATH 5.19 – 5.20) subject to a maximum of £250,000
 - Acquisition and disposal of freehold land and buildings or heritage assets as specified in the ATH 5.24
 - Finance leases on any asset subject to borrowing restrictions (ATH 5.26)
 - Leasehold or tenancy agreements on land or buildings for a term of seven or more years (ATH 5.27)
 - Granting a leasehold interest including a tenancy agreement of any duration on land and buildings to another party (ATH 5.26)
 - Novel, contentious, and repercussive transactions as defined by ATH 5.5
 - Borrowing from any source where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies (ATH 5.33)
 - Contracts and other agreements with related parties for the supply of goods and services to the Trust singly or cumulatively in a financial year exceeding £20,000 using the related party on-line form (ATH 5.41).

SNMAT Board of Directors

- 203 SNMAT Board has overall responsibility for the administration of the MAT's finances. The main responsibilities of the SNMAT Board are to:
- ensure that funds are received according to the Funding Agreements, and are used only for the purposes intended
 - approve the SNMAT annual central budget

- approve the SNMAT annual consolidated budget for Budget Forecast Return (BFR) on-line to DfE
- approve the SNMAT 5 Year Financial Plan
- approve the Budget Forecast Return Outturn (BFRO) for the on-line return to the DfE if required
- recommend the appointment of the external auditors to the members
- appoint the internal auditor/responsible officer
- regularly monitor actual income and expenditure against budgets using the management accounts for the MAT taking into consideration recommendations from the Finance Task Group and Audit and Estates Committee
- approve the mandate for the operation of academy bank account and credit cards
- appoint the members of the Finance Task Group and Audit and Estates Committee and approve terms of reference for Audit and Estates Committee
- approve the schemes of delegation
- approve the trustees annual report and financial statements for submission to the DfE and Companies House
- approve purchase orders/invoices/contracts of £45,000 and over
- approve tenders over the OJEU limit
- approve property lettings over 1 year and/or £25,000
- approve severance, compensation, and ex gratia payments up to £49,999 having ensured that these demonstrate value for money; (approval for such payments over £50,000 gross must be obtained for ESFA as per paragraphs 5.10 to 5.18 of the Academy Trust Handbook)
- appoint the SNMAT Chief Executive Officer
- appoint the Headteacher of each academy in consultation with the local governing body and in line with the scheme of delegation
- appoint the SNMAT Business Director.

The Audit and Estates Committee

204 The Audit and Estates Committee is a committee of the SNMAT Board of Directors. The Audit Committee meets at least three times per year:

November/December

To:

- appoint the Chair and review the committee's terms of reference
- Review the trustees annual report and financial statements and make recommendation for approval to the MAT Board
- Review the draft audit report to management if available and agree action plan to address recommendations if applicable
- Receive the external auditor's interim management report if available
- Receive internal audit report and determine action plan to address recommendations if applicable
- Review and Update the MAT risk register
- Note the acceptance of the submission of the confirmation statement to Companies House.

March/April

To:

- Approve internal controls assurance programme
- Review financial due diligence in respect of converting schools and the level of risk concerned.
- Review and update the MAT risk register

- Approve any updates to the model Business Continuity/Emergency Plan
- Review Asset Management Plan and make recommendation for approval for projects identified to be funded from SCA to the Board
- Note confirmation that audited accounts for previous financial year have been filed with Companies House.

June/July

To:

- Approve the external audit programme for audit
- Approve Amendments to Accounting Policies if applicable for ratification by Board
- Note key changes to the DfE Academies Financial Handbook
- Receive reports from the internal controls assurance visits if available
- Note the School Condition Allocation (SCA) and Devolved Formula Capital allocations issued in April
- Make recommendations for approval to the Board for final proposals for premises capital projects
- Agree the schedule of meetings for the following year

205 More frequent meetings are arranged if necessary.

206 The main responsibilities of the Audit and Estates Committee are detailed in written terms of reference which have been authorised by the SNMAT Board. The main responsibilities are to:

- review the mandate for the operation of academy bank account and credit cards and make recommendations to the SNMAT Board as appropriate
- ensure appropriate insurance arrangements are in place for SNMAT
- ensure an appropriate framework of internal financial controls is established
- ensure appropriate accounting policies have been set and approve the Financial Regulations Manual
- ensure the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies
- review the reports of the Responsible Officer on the effectiveness of the financial procedures and controls and make recommendations to the SNMAT Board
- review the findings of the external auditors including any major issues that arose during the audit
- review and monitor the content of the external auditor's management letter
- review SNMAT's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters.

Finance Task Group

207 The Finance Task Group meets at least 4 times a year (October, January, March, and July) to provide quality assurance to the Board regarding the financial management of the Trust on a Financial compliance evaluation form. Its responsibilities are to:

- regularly monitor actual expenditure and income against budget using the management accounts reports and make recommendations to the Board

- regularly review the balance sheet and cash flow reports and make recommendations to the Board
- regularly review the SNMAT 5 Year Budget Forecasts for all academies and make recommendations to the Board.

Chief Executive Officer (CEO)

208 Within the framework of the SNMAT development plan as approved by the SNMAT Board of Directors the CEO has overall executive responsibility for the MAT's activities, including financial activities. Although much of the financial responsibility has been delegated to the Business Director the CEO's responsibilities are to:

- act as the Accounting Officer for SNMAT
- approve the appointment of members of the senior leadership team within the authorised establishment of each of the academies taking into consideration the recommendation of the Local Governing Bodies
- authorise purchase orders and contracts between £25,000 and £39,999.

The SNMAT Business Director

209 The SNMAT Business Director works in close collaboration with the CEO through whom she is responsible to the SNMAT Board of Directors. The Business Director also has direct access to the SNMAT Board via the Finance Task Group and Audit and Estates Committee. The main responsibilities of the Business Director are to:

- act as the Chief Financial Officer (CFO) for the MAT
- ensure that the SNMAT financial position is managed at a strategic level within the framework for financial control determined by the SNMAT Board
- ensure all financial matters focus on the wider needs of SNMAT rather than on any one individual academy
- ensure the establishment and operation of a suitable accounting system
- ensure effective systems of internal control for SNMAT as a whole
- ensure VAT is correctly accounted for across SNMAT
- ensure financial policies are in place and to work with internal audit to provide assurance to the Finance Task Group, Audit and Estates Committee and SNMAT Board of Directors
- ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of SNMAT
- challenge finance staff to ensure that value for money is routinely obtained
- authorise virements to approved budgets between £10,000 and £24,999 where required under the scheme of delegation
- approve purchase orders/invoices/contracts up to £24,999 for the central MAT and where required under the scheme of delegation
- authorise acceptance of quotations/tenders other than the lowest of £10,000 and over for the central services provided by SNMAT and for individual academies where required under the scheme of delegation
- authorise leases of less than 1 year and between £10,000 and £24,999
- approve purchase orders with values of £25,000 or more on the financial management system PSF authorised by the CEO and Board of Directors
- ensure the responsibilities in respect of schools converting to academy status and joining SNMAT are dealt with by the SNMAT Central Team
- act as an authorised signatory for the SNMAT bank account
- ensure forms and returns for the SNMAT are completed and sent to the DfE in line

- with the timetable in the DfE guidance
- ensure adjustments for pre-payments and accruals and capitalisation of fixed assets are completed at the year end and close the previous year on the financial management system.
- Line manage the Finance Manager, Estates Manager and Academy Business Analyst

Local Governing Bodies

210 Each academy in SNMAT has its own Local Governing Body. The main financial responsibilities of the Local Governing Bodies are to:

- review the 5-year budget forecast for the individual academy by reviewing reports from the budget forecasting software (Orovia BPS) and make recommendations for approval to the SNMAT Board of Directors in accordance with the scheme of delegation
- monitor the actual income and expenditure against the approved budget for the individual academy by reviewing management accounts and other reports produced directly from the financial management system (PSF) and report to the SNMAT Board of Directors in accordance with the scheme of delegation
- authorise acceptance of lowest quotations and tenders between £10,000 and £24,999 for the individual academy
- authorise acceptance of quotations and tenders other than the lowest for between £5,000 and £9,999
- participate in the procedures for appointing staff and determining their pay and contractual terms at their individual academy in accordance with the scheme of delegation.

The Principals/Headteachers

211 The Principal/Headteacher of each individual academy in SNMAT has the following financial responsibilities. To:

- ensure draft budget papers are prepared for consideration of the Local Governing Body/SNMAT Board of Directors in accordance with the scheme of delegation
- ensure that Action Plan priorities are properly costed and linked to the academy budget and finance plan
- authorise purchase orders/invoices/contracts for the individual academy up to the value of £24,999
- authorise acceptance of lowest quotations up to the value of £9,999
- authorise the disposal of assets up to the value of £4,999
- act as an authorised signatory for the purposes of certifying appointments, claims etc
- make recommendations to the Local Governing Body in respect of appointments, pay and contractual terms and conditions for staff other than members of the senior leadership team.

The Internal Controls Assurance Provider

212 The Internal Controls Assurance Provider (ICAP) is appointed by the SNMAT Board and provides Directors with an independent oversight of the trust's financial and other controls. The main duties of the ICAP are to provide the MAT Board with independent assurance that:

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

213 The ICAP will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the SNMAT Board. A report of the findings from each visit will be presented to the Audit Committee.

The SNMAT Finance Manager

214 The Finance Manager is responsible for assisting the Business Director with the effective and efficient financial operation of the Trust. The main responsibilities of the Finance Manager are to:

- ensure cash flow is current and correct at the month end
- manage transfers between current, 32 day, and 6 month deposit accounts
- act as an authorised signatory for the SNMAT bank account and authorise payments in conjunction with another authorised signatory as required
- monitor the EFA funding income for all the academies against the payment schedule and enter this on the financial management system for each location
- ensure the consolidated VAT 126 claim is completed each month for SNMAT and code refunds to each academy accordingly
- check transactions for the month and close-down the period on the financial management system
- complete the month end processes for the primary academies
- support academies using the financial management system including providing training and correcting processing errors as appropriate
- liaise with the financial management system software provider regarding the purchase of licences, setting up of new locations and technical issues as required
- assist with ensuring monthly pay and on costs for all staff is correct and completing payroll reconciliations
- format payroll data to complete monthly payroll journals for all academies and upload them to the financial management system
- check transactions for the year end and assist the Business Director with closing-down the year end accounts and liaising with audit
- manage the capitalisation of fixed assets on the financial management system
- assist the Business Director with the completion of statutory returns to the DfE such as the Budget Forecast Return (BFR)
- produce forms and guidance notes for financial procedures as required
- line manage Finance Assistants on the central services team.

HR Manager

215 The HR Manager is responsible for providing efficient and effective support in respect of payroll. The main responsibilities of the HR Manager are to:

- ensure monthly pay and on costs for all staff in SNMAT is correct and ensure a payroll reconciliation is completed for each academy
- prepare information relating to payroll for financial statements and Annual

- Accounting Return (AAR) at the year-end
- finalise the Local Government Pension Scheme (LGPS) returns, check, balance and submit for all academies in SNMAT
- finalise the End of Year Certificate (EOYC) for the Teachers' Pension Scheme, check, balance and organise audit for all academies in SNMAT subject to implementation of the TP monthly data collection.

Estates Manager

216 The Estates Manager is responsible for ensuring that the SNMAT Estate Vision and Strategy are delivered effectively, economically and safely by maximising the reliability and performance of the trusts' assets (land and buildings). The main financial responsibilities of the Estates Manager are to:

- develop a programme of capital investment for the Trust, based on the Asset Management Plan, which delivers building projects with maximum value financially and educationally in line with the Trusts Estate Strategy and individual academy needs
- manage the Trust's School Condition Allocation from the DfE
- authorise premises projects to be funded from the School Condition Allocation up to a value of £24,999
- approve purchase orders on the financial management system for premises projects to be funded from the SCA with a value of £25,000 authorised by the Board of Directors
- have discretion to authorise increased costs for premises projects approved by the Board of Directors by up to 5% over the agreed cost of the project
- approve premises projects for individual academies funded from Devolved Formula Capital Funding for values between £10,000 and £24,999
- investigate other external funding sources to support projects in academies eg grants for developing play facilities and sports development; healthy living; grants relating to areas of deprivation etc as well as managing DfE allocations and grants,
- ensure accurate site and floor plans and Net Capacity Surveys are maintained for all sites and that these accurately reflect the suitable capacity of the schools under the current Building Bulletins (103 and 104);
- maximise efficiency in the delivery of maintenance across the Trust's property portfolio, by identifying opportunities to save money through benchmarking, negotiating and tendering for supplies and services across the Trust;
- minimise the cost of occupancy by effectively managing the purchasing and procurement of insurance, energy, water and other supplies across the academies and ensuring processes are followed in line with DfE and EU regulations;
- ensure that the Streamlined Energy and Carbon Report is completed for inclusion in the Trustees Report;
- ensure that the Trust complies with the DfE Good Estates Management Guide.

Academy Business Analyst

217 The Academy Business Analyst is responsible for providing Headteachers, Local Governing Bodies and Business/Office Managers of individual academies with the information they need to ensure they make effective use of their resources to attain their educational objectives.

The main responsibilities of the Academy Business Analyst are to:

- set (or where appropriate support the academy Business Manager with setting) the 3 year budget forecast for individual academies for the following year in consultation with the Headteacher, Local Governing Body and Business Director in line with the Trust budget setting timetable.
- reforecast (or where appropriate support the academy Business Manager with reforecasting) the budget during the year as circumstances change (eg November, March, June) to ensure the outturn projection for the current year and medium to long term is as accurate as possible
- project Pupil numbers over 3 – 5 years making use of demographic information, local developments and Local Authority place planning information
- benchmark the financial performance of the academies against both partner academies and academies outside the Trust and provide reports to both the LGB and Board of Directors as required;
- analyse the financial performance of the academies against education sector balances and staffing metrics making use of DfE View My Financial Insights, ISBL ASOT and other appropriate tools and support the Headteachers/LGBs with Integrated Curriculum Financial Planning (ICFP);
- review management accounts monthly, analyse variances between actuals and budgets, identify miscoded income/expenditure, complete journals as appropriate and produce reports for LGB meetings as required making recommendations as appropriate.
- obtain quotations and tenders for individual academies as required and support the Business Director with procurement of MAT contracts.
- support the Finance Trust Support Team with requirements for audit for example notifications for year end adjustments for deferred income, purchase of fixed assets for capitalisation and related party transactions.
- ensure processes and procedures are being followed at the individual academies
- analyse the risks faced by the individual academies in consultation with the Headteacher and LGB and ensure that the Risk Register is updated accordingly.
- ensure plans are in place to cope with any eventuality and ensure the Business Continuity plans have been updated for approval by the Headteacher and LGB
- Work closely with other members of the Trust Support Team to support individual academies

Finance Assistants

- 218 The Finance Assistants are responsible for providing financial support for the Trust and its academies by assisting the Finance Manager. The main responsibilities of the Finance Assistants are to:
- ensure the purchase ledger is kept up to date and that bank details for suppliers have been verified;
 - process orders, goods receipts and invoices on the financial management system;
 - prepare payment runs on the financial management system and upload these to commercial banking online ready for authorisation;
 - assist the Finance Manager with the month end procedures for the academies.

Trust Director of Operations

- 219 The Trust Director of Operations has been authorised to act as a signatory for the Central MAT bank account.

Staff with Financial Responsibilities in Individual Academies

220 The responsibilities of individual staff at each academy vary depending on the size of the academy and the number of staff carrying out financial tasks. It is important to maintain segregation of duties, but it is recognised that this is not always possible in small academies with only one member of administrative staff. Where this is the case the responsibilities of the Office/Business Manager are to:

- draft original and revised finance plans in co-operation with the Headteacher and with the support of the Business Director where this is part of their job description
- manage financial issues on a day-to-day basis
- ensure that purchase orders are raised prior to ordering goods/services to aid effective budget monitoring and management
- complete goods receipts on the financial management system when goods and services have been delivered
- complete credit card reconciliations where appropriate monthly
- monitor the budget monthly and prepare monthly management accounts for the Principal/Headteacher and LGB as required
- ensure that proper checks and controls are in place to cover day-to-day activities in accordance with the Financial Regulations Manual
- ensure data is supplied for preparation of Annual Accounts within agreed timescales as required.

At larger academies in SNMAT, where other staff have some financial responsibilities, where segregation of duties permits and at the discretion of the Headteacher, the senior member of finance staff may also have additional responsibilities in respect of authorising orders/payments. Where applicable this is set in the security roles on the financial management system.

At the secondary academies dedicated finance staff are also responsible for:

- Processing invoices on the financial management system
- Completing the month end processes.

Other Staff

221 Other members of staff in each of the academies may be budget holders or have some financial responsibilities. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

Register of Interests

222 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 SNMAT Directors, LGB members and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom SNMAT or individual academies may purchase goods or services. The registers are open to public inspection. Registers of interests of Local Governing Bodies are posted on the individual academy and Trust websites and the register of interests for the Members and Board of Directors is posted on the Trust website.

- 223 The registers include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with SNMAT. The disclosures also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a director or a member of staff by that person.
- 224 The existence of a register of business interests does not detract from the duties of directors and staff to declare interests whenever they are relevant to matters being discussed by the Local Governing Bodies or SNMAT Board or Audit and Estates Committee. Where an interest has been declared, directors, LGB members and staff should not attend that part of any committee or other meeting.
- 225 The Trust must report all contracts and other agreements with related parties for the supply of goods and services to the Trust exceeding £20,000 either as a single transaction or cumulative transactions within the same financial year as per ATH 5.41.

3. Accounting system

- 301 All the financial transactions of SNMAT must be recorded on the PS Financials accounting system. The PS Financials accounting system is hosted by Iris on its cloud server.

System Access

- 302 Access to the component parts of the PS Financials system can also be restricted and the SNMAT Business Director is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

- 303 As the financial management system is hosted by Iris on its cloud server the responsibility for backing up the data has been transferred to the external provider.
- 304 Copies of the management accounts are produced each month and retained electronically by the Central Finance Team.
- 305 In the event of loss of accounting facilities or financial data a disaster recovery plan is included as part of the Business Continuity Plan for SNMAT and the Risk Register. With the move of the financial management system to the PSF Cloud the risk has been transferred.

Transaction Processing

- 306 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All journal entries must be documented and authorised. Authorisations are now provided electronically/by e-mail. Bank transactions should be input by the authorised member of staff and the input should be checked and signed to evidence this check when the cash flow forecast is updated centrally. This authorisation is now provided by e-mail.
- 307 Detailed information on the operation of the PS Financials system can be found in the

user manuals held by the central finance team, in the office at each of the academies and available on-line from PSF Support.

Transaction Reports

- 308 The SNMAT Business Director reviews management accounts summarising expenditure and income against budget at budget head and ledger code level to ensure that only regular transactions are posted to the accounting system.

Reconciliations

- 309 The senior member of staff with financial management responsibilities at the secondary academies will ensure the following reconciliations are performed each month and that any reconciling or balancing amounts are cleared with the support of the SNMAT central finance staff as appropriate:

- sales ledger control account
- purchase ledger control account
- payroll control accounts
- charge card control account
- petty cash control account
- VAT control account
- all suspense accounts.

At the Primary academies these reconciliations are carried out by the central finance team.

- 310 The SNMAT Business Director, Headteacher or other nominated member of staff will review and sign all reconciliations as evidence of their review. Authorisation may be provided by e-mail confirmation.
- 311 Any unusual or long outstanding reconciling items must be brought to the attention of the Business Director.

4. Financial planning

- 401 Five-year budget forecasts are prepared for SNMAT and each of the academies in the SNMAT using budget setting software provided by TES (formerly Orovia).
- 402 The long-term financial plans are prepared as part of the development planning process. The development plan indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next five years.
- 403 The development plan provides the framework for the annual budget. The budgets for Central Trust and each academy are a detailed statement of the expected resources available and the planned use of those resources for the following year.
- 404 The development planning process and the budgetary process are described in more detail below.

Development Plans

- 405 The development plans set out the future aims and objectives of SNMAT and its academies and how they are to be achieved. They include matching the academy's objectives and targets to the resources expected to be available and are kept relatively simple and flexible.
- 406 The form and content of the development plans are determined by the Board of Directors with due regard to the matters included within the guidance to Academies and any annual guidance issued by the DfE.
- 407 Each year the CEO proposes a planning cycle and timetable to the SNMAT Board which allows for:
- A review past activities, aims and objectives - "did we get it right?"
 - definition/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 reviewing of the plan – "who needs to do what by when to make the plan work and keep it on course" and
 - feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 408 A timetable is specified for the deadlines for the completion of each of the key stages and lead responsibility for the completion of each of the stages is assigned.
- 409 The completed development plan includes detailed objectives for the coming academic year and outline objectives for the following two years. The plans include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.
- 410 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned. The responsible manager should monitor performance against the defined success criteria throughout the year, report to the SNMAT Board and recommend an appropriate course of action if there is a significant divergence from the agreed plan.
- 411 A similar development planning process will be followed by each of the academies within SNMAT with the Headteacher proposing the planning cycle and assigning responsibilities. The SNMAT Board will be notified of the progress against individual academy development plans in accordance with the Scheme of Delegation.

Annual Budgets

- 412 The Business Director is responsible for preparing and obtaining approval for the consolidated annual budget forecast for the SNMAT. The Business Director and Academy Business Analyst are responsible for supporting the Headteachers and Office/Business Managers of the academies in SNMAT with the preparation of their budgets as appropriate. The budgets must be noted/approved by the relevant local governing body and the SNMAT Board in accordance with the scheme of delegation.
- 413 The approved consolidated budget must be submitted to the DfE by the deadline at the end of July each year as notified. The Business Director is responsible for establishing a timetable which allows sufficient time for the approval process,

ensuring that the submission date is met and completing and submitting the consolidated SNMAT Budget Forecast Return form.

- 414 The consolidated annual budget will reflect the best estimate of the resources available to the MAT for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.
- 415 The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of pupils for each academy to estimate the amount of DfE grant receivable
 - review of other income sources available to the academy to assess likely level of receipts
 - review of past performance against budgets to promote an understanding of the cost base for SNMAT and each academy
 - identification of potential efficiency savings and
 - review of the main expenditure headings considering the development plan objectives and the expected variations in cost e.g., pay increases, inflation, and other anticipated changes.

Balancing the Budget

- 416 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. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. The Board of Directors has the discretion to approve an in-year deficit budget where it is reassured that deficit recovery plans are in place in subsequent years and may agree proposals for support in the interim.

Finalising the Budget Forecast

- 417 Once different options and scenarios have been considered, a consolidated draft budget forecast will be prepared by the Business Director for approval by the SNMAT Board of Directors. The budget forecast should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 418 The budget forecast should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget forecast should be seen as a working document, which may need revising throughout the year as circumstances change.

Monitoring and Review

- 419 Monthly management reports will be made available to all the Directors by posting on Governor hub showing year to date actual income and expenditure against annual budget at a summary level by budget head. Finance staff of individual academies may be asked to provide more detailed reports as appropriate.

- 420 Any potential overspend against the budget should, in the first instance, be discussed with the Business Director.
- 421 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. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the surplus. All budget virements must be authorised in accordance with the scheme of delegation.

5. Payroll

- 501 The main elements of the payroll system are:

- staff appointments
- payroll administration and
- payments.

Staff Appointments

- 502 The SNMAT Board has approved a personnel establishment for each academy in SNMAT. Changes can only be made to this establishment with the approval of the local governing body/Board of Directors, depending on the scheme of delegation, which must ensure that adequate budgetary provision exists for any establishment changes.
- 503 The local governing body of an individual academy may have authority to appoint staff within the authorised establishment, following recommendation by the Headteacher (except for other members of the senior leadership team whose appointments must be approved by the CEO following recommendation from the local governing body) in accordance with the scheme of delegation. The Headteacher is responsible for ensuring the maintenance of personnel files for all members of staff, which include contracts of employment. All personnel changes must be notified, in writing, to the SNMAT Trust Support Team. Individual academies are required to follow the processes and procedures for the recruitment, selection and appointment of staff as set out in the SNMAT HR Manual.

Payroll Administration

- 504 All staff are paid monthly through the Trust payroll which is managed in house by the Trust HR and Payroll Team with some external support from the software provider Edupay.
- 505 Any changes/amendments (including appointments, leavers) must be authorised by each individual academy by the payroll deadline, prior to being input into the Edupay by the Trust HR and Payroll Team. Details of staff absences are input into the portal by the responsible member of staff in the individual academy. Each academy is responsible for making arrangements for timesheets and expenses to be approved through Edupay prior to the payroll cut-off dates.
- 506 Following the deadline for notification of changes/amendments the payroll for each academy is checked by the Trust HR support team. Any variances or queries are investigated and raised with the responsible member of staff in the individual academy and corrections are made as required.

507 All relevant documentation should be retained on the personnel file held at the relevant academy.

Payments

508 When all queries are resolved (and 7 days prior to the salary due date) the responsible member of staff/headteacher or other nominated member of staff will confirm to the Trust HR & Payroll Team that the payroll can be locked and processed.

509 All salary payments are made by BACS. The Edupay payroll bureau is currently responsible for the BACS upload of the monthly salary.

510 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and Edupay pays the amounts due by the due dates on behalf of the academies. The payroll is checked and reconciled to ensure that the monthly pay overs to HMRC and pension providers are correct for all academies in SNMAT.

511 The central team reconciles the current month's gross salary, NI and SA payments against the budget on the budget setting software, updating the budget setting software for new appointments, resignations, pay increases etc if appropriate. This reconciliation is reviewed and signed by the Business Director or other nominated member of staff.

512 After the payroll has been processed the Finance Manager formats the payroll data for all academies in the MAT to create a payroll journal for uploading to the financial management system. Postings are made to both the payroll control account and the individual cost centres. The payroll control account is reviewed each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account. The payroll journal is signed to confirm the review by the Business Director or other nominated member of staff.

6. Purchasing

601 SNMAT wants to achieve the best value for money from all its purchases. This means getting what is needed in the correct quality, quantity, and time at the best price possible. A significant proportion of purchases will be paid for with public funds and the integrity of these funds needs to be maintained 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 academy
- **Accountability**, the MAT is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and equitable basis.

602 The Business Director is responsible for ensuring that a value for money statement is published annually on behalf of the Trust Board in accordance with the requirements of the DfE as part of the financial statements.

- 603 Procedures for purchasing goods and services may vary between academies in SNMAT depending on the size of the academy and the number of staff employed with responsibilities in this area. Every effort is made to ensure that there is separation of duties within the purchasing process, but it is recognised that this is not always possible in very small academies with only a single member of staff.
- 604 Orders must be placed by using the financial management system by an authorised member of staff. Exceptions are the authorised use of the credit cards and direct debit payments, call off orders for regular purchases such as utilities and provisions for catering and orders for emergency premises works and supply staff which should be entered onto the financial management system as soon as a price becomes available.
- 605 Approval for placing the order on the financial management system is provided by a request for items to be ordered using a paper requisition form, which is authorised by the Headteacher or other nominated member of staff.
- 606 Where staff have been identified as budget holders, they will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage their budget and to ensure that the funds available are not overspent. Budget Holders are encouraged to keep their own records of orders placed but not paid for.
- 607 Formal approval for orders is made by the authorisation of the order on the financial management system by the Headteacher. The Headteacher may delegate this responsibility to the Business Manager at their discretion.
- 608 Orders are e-mailed to the supplier using the document e-mailer on the financial management system. There is no requirement to print and file a copy of the order as this can be reviewed on the financial management system at any time.
- 609 On receipt of the goods or services the authorised member of staff, undertakes a detailed check of the goods received against the goods received note (GRN) and makes a record of any discrepancies between the goods delivered and the GRN. Discrepancies are discussed with the supplier of the goods without delay. A record is kept of all goods returned to suppliers for any reason. If a budget holder is pursuing a query with a supplier, the Trust finance support team must be informed of the query and periodically kept up to date with progress.
- 610 The Goods Receipt is completed on the financial management system by the authorised member of staff.
- 611 Invoices are processed for payment by the Trust Finance Support Team having been checked against the approved orders and goods received notes. Where the value of an invoice exceeds the value of the order by more than £25 further authorisation will be required from the approver. An order must have been placed on the financial management system and the goods receipted for the invoice to be paid. Permissible exceptions may be for payments for some services usually paid by direct debit such as rates and utilities.
- 612 A member of the finance team will generate a payment run for those invoices on the purchase ledger due for payment, which will be paid by BACS through Lloyds Commercial Banking On-line. Where a manual payment is required for a one-off payment e.g., to refund a parent, a form must be completed and signed by the

Principal/Headteacher. Occasionally, where a supplier is not set up on BACS they may be paid by cheque. The payment run (or cheques) and associated paperwork must be authorised by two of the nominated bank account signatories, usually the Business Director and the Finance Manager.

- 613 Copies of the invoices will be saved electronically with the relevant POIN document number from the financial management system in the title. The report of the payment run from Lloyds CBO will be attached to the relevant BACs document in the financial management system together with the payroll report.
- 614 Remittance advices will be dispatched to suppliers using the document e-mailer on the financial management system.
- 615 All authorisations will be carried out by the approver set up on the financial management system for the purpose. Where authorisation is required for orders over a specific value by someone who is not set up on the financial management system this this will be provided in writing.
- 616 Authorisation limits are as follows:
- Orders up to the value of £24,999.99 may be authorised by the Headteacher
 - Orders up to the value of £39,999.99 may be authorised by the CEO. This responsibility may be delegated to the Business Director who will authorise the order on PSF
 - Orders of £40,000 and over must have written authorisation from the MAT Board but will be authorised by the Business Director on PSF.

The Headteacher may delegate the authorisation of orders below £10,000 to the Business Manager or another nominated person.

- 617 Where practicable three written quotations should be obtained for orders from £5,000 up a value of £24,999 to identify the best source of the goods/services. It is important to demonstrate that value for money has been obtained with public funds even where expenditure is lower than £5,000. Telephone quotes are acceptable if written confirmation is received before a purchase decision is made. Written details of quotations obtained should be retained for audit purposes.
- 618 Where there is only one supplier available for the specific good or service that is required to meet the needs of the academy or Trust the good or service may be purchased from that supplier without the need to obtain three quotes. An example of this would be examination fees which would have to be purchased from the examination board being used by the academy.
- 619 SNMAT acknowledges, that obtaining quotations is a time consuming, and therefore costly, exercise for both the academies and suppliers. For some services, academies may have built up excellent working relationships with preferred suppliers who have demonstrated that they provide best value in terms of high quality within an agreed timescale at a competitive price. These may be designated as preferred suppliers which may be used without obtaining quotations from elsewhere.
- 620 Where possible the MAT and the academies use suppliers of goods and services which have contracts approved by the government procurement service as detailed in the DfE National Deals for Schools such as:
- Open Geospatial Consortium (OGC)
 - Crescent Purchasing Consortium (CPC)

- Crown Commercial Services (CCS)
- Eastern Shires Purchasing Organisation (ESPO).

Suppliers on these frameworks have already been vetted to ensure that they provide good value and they often offer discounts.

- 621 Where the MAT, or an academy, wishes to purchase goods or services from Nottinghamshire County Council the decision may be made not to obtain two other quotes on the basis that the County Council already carries out regular tendering exercises and is therefore deemed to be providing best value.
- 622 SNMAT maintains a centralised purchase ledger of authorised suppliers on the financial management system, which is used by all the academies.
- 623 Goods/services ordered with a value of £25,000 and over, or for a series of contracts, which in total exceed £25,000, are subject to formal tendering procedures and frameworks are used where possible (see 604 and 605).
- 624 Purchases of goods and services over £213,477 and construction and civil engineering works over £5,336,937 including VAT (Government Procurement Policy Note with effect from 1 January 2022) exceed the threshold at which public procurement opportunities are subject to the full suite of regulations governing public contracts.
- 625 The Trust complies with the “at cost” requirements for goods or services as set out in the ATH 5.49 to 5.59.

Forms of Tenders

- 626 There are three forms of tender procedure: open, restricted, and negotiated.

Open Tenders, where all potential suppliers are invited to tender are impractical for an organisation the size of SNMAT for the following reasons:

- The need to maintain a balance between the contract value and administrative costs,
- Many suppliers would come forward or the nature of the goods are such that only specific suppliers could be expected to supply SNMAT's requirements,
- The costs of publicity and advertising would be likely to outweigh the potential benefits of open tendering.

SNMAT will usually invite specific suppliers to tender (restricted tenders) or negotiate tenders with specific suppliers where only one or very few suppliers are available or extreme urgency exists.

Preparation for Tender

- 627 Full consideration should be given to:
- objective of project
 - overall requirements
 - technical skills required
 - after sales service requirements
 - form of contract.

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

Invitation to Tender

- 629 An invitation to tender is issued which includes the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender and
- form of response.

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

- Pre-sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

- 630 The invitation to tender should state the date and time by which the completed tender document should be received by the academy or SNMAT. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

- 631 All tenders submitted should be opened at the same time and the tender details should be recorded. Preferably the Business Director and at least one other

appropriate person e.g. the CEO, one of the Headteachers or, in the case of premises projects the Estates Manager and the project manager, should be present for the opening of tenders. However, this may not be practicable if tenders are received by e-mail in which case the opened tenders should be reviewed by a second person.

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

Tendering Procedures

- 633 The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process. Where specific expertise is required in evaluating a tender this responsibility may be contracted to an external provided eg architect, insurance specialist.
- 634 Those involved in deciding must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 635 Full records should be kept of all criteria used for evaluation and for contracts over £39,999 a report should be prepared for the Board of Directors highlighting the relevant issues and recommending a decision. Where time is of the essence the Chairman of the Board may take Chairman's Action to approve the recommendation.
- 636 Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.
- 637 The accepted tender should be the one that is economically most advantageous to SNMAT. All parties should then be informed of the decision.

7 Income

- 701 The main sources of income for the academies in SNMAT are the grants from the DfE. The receipt of these sums is monitored directly by the Finance Manager who is responsible for ensuring that all grants due to the academies in SNMAT are collected.
- 702 The partner academies in SNMAT may also obtain income from:
- parents of students/pupils, mainly for trips, catering etc and
 - the public, mainly for lettings.

The member of staff with responsibility for income is responsible for ensuring that a procedure is in place for recording the total cash received and the total banked which is checked and countersigned by an authorised signatory

- 703 The academy may choose to allow parents to make payments for catering, trips etc using appropriate cashless payment software and a payment provider such as Squid, Wisepay, Bromcom, PayPal or similar. Where this is the case the academy must ensure that a procedure is in place to reconcile reports from the cashless payment software with the payments received from the payment provider to ensure that the payments received are for the correct amount. Reconciliations must be carried out

on at least a monthly basis by the individual academy and any discrepancies reported immediately to the Business Director.

- 704 No debts of £250 or over should be written off without the express approval of the SNMAT Board of Directors.
- 705 The Trust must obtain ESFA's approval for:
- writing-off debts and losses
 - entering into guarantees, letters of comfort or indemnities
- beyond the delegated limits specified in the Academy Trust Handbook para 5.19 – 5.21 and must ensure that these represent value for money.

Custody

- 706 Receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Office safe prior to banking. Banking should take place at least every other week, or more frequently if the sums collected exceed the insurance limit on the Office safe. Arrangements may be made for income to be collected by a security company. Where the academy has a buy-back arrangement for the catering service from Nottinghamshire County Council this can be done as part of the NCC Catering contract.
- 707 Where possible the responsibility for identifying sums due to the academy should be separated from the responsibility for collecting and banking such sums. It is however, recognised that this may not be possible in small academies with only one appropriate member of staff.
- 708 Monies collected must be banked in their entirety. The nominated member of staff for the individual academy is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and should be reviewed and certified by the Headteacher or other nominated member of staff.
- 709 The nominated member of staff should provide the Finance Manager with a summary of the amount of notes, coins and cheques collected by the security service for deposit at the cash collection centre to assist with the bank account reconciliation.

8 Cash Management

Bank Account

- 801 The Trust has a single central current account with Lloyds bank for all its partner academies. The authorisation for making changes to the bank mandate has been delegated to the SNMAT Business Director who sets out the arrangements covering the operation of the account, including signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds are subject to the same level of control as the bank account. The account includes this facility and requires authorisation from two account signatories.

Deposits

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

- the amount of the deposit and
- a reference, such as the number of the receipt or the name of the debtor.

803 Academies should notify any organisation making direct deposits into the bank account that the reference should include the location code for the individual academy.

Payments and withdrawals

804 All cheques and other instruments authorising withdrawal from the SNMAT bank account must bear the signatures of two of the signatories authorised on the bank mandate. This provision applies to all accounts, public or private, operated by or on behalf of the SNMAT Board.

805 The MAT is the indirect submitter for BACs payments through BACSTELL IP for all the partner academies. The payroll transactions for the academies in SNMAT are processed using Edupay. .

Lloyds Business Card

806 Individual academies may have a limited number of Lloyds Corporate Multi pay Cards settled by Direct Debit each month by agreement with the Business Director. The Administrator for all these cards is the Finance Manager.

807 Details of the credit cards held by this academy are as follows:

Location	Card Holder	Credit Limit
Central Trust Office	Chris Moodie	£500
Central Trust Office	Sarah Perry	£1,000
Central Trust Office	Jo Saville	£500
Magnus	Edwina Kershaw	£6,000
Magnus (Maple)	Sarah Cooksey	£1,000
Magnus	Andrea Robertson	£500
St Mary Magdalene	Sam Robinson	£500
St Mary Magdalene	Geraldine Harrison	£500
St Mary Magdalene	Beverley Enever	£500
St John's	Gez Rizzo	£1,500
St John's	Katie Thackery	£1,500
Worksop Priory	Phil Abbott	£3,000
St Peter's Crosskeys	Liz Duffell	£1,000
St Peter's Crosskeys	Helen Kujawinski	£500
Burntstump Seely	Emily Lister	£1,000
Kings	Sue Ragsdale-Lowe	£1,000
St Peter's Mansfield	James Marshall	£500
St Peter's Mansfield	Russell Goodall	£500
St Swithun's	Jo Gillum	£500
Samworth Church Academy	Ellie Slack	£5,000
Samworth Church Academy	Donna Barnes	£500

Samworth Church Academy	Andrea Giles	£500
Samworth Church Academy	Les Purcell	£1,000
St Mary's Edwinstowe	Maria Parkin	£500
St Mary's Edwinstowe	Claudia Ayres	£250
Haggonfields	Steven Keogh	£500
Hucknall National Primary	Sarah Barratt	£500
Hucknall National Primary	Jennifer Sanders	£1,000
West Grantham Primary	Vicki Panks	£750
West Grantham Primary	Mina Douglas	£500
West Grantham Secondary	Richard Briggs	£1,500
West Grantham Secondary	Julie Swatton	£1,000
Mount	Katie Hall	£1,500
Cotgrave	Sue Onley	£500
Huthwaite All Saints	Sarah-Louise Basnett	£500
Selston	Charlotte Talbott	£500
Leverton	Zoe Sirrell	£2,000
Gamston St Peters	Joanne Brunyee	£1,000
Gamston St Peters	Richard Stacey	£500
Gamston St Peters	Emma Trotter	£500

- 808 For larger overseas trips it might be appropriate to apply for a temporary card used for the duration of the trip only.
- 809 It may be necessary to allow other staff access to the school business cards with authorisation from the Headteacher.
- 810 If the card(s) are no longer required or the cardholder(s) leave the academy they must be returned to the Finance Manager and destroyed in accordance with accepted procedures.
- 811 SNMAT charge card(s) should only be used for the withdrawal of cash through any ATM or cash back facilities where this is to provide a petty cash float for the academy with the prior approval of the Business Director.
- 812 SNMAT credit cards must not be used for personal purchases.
- 813 The Use of Credit Card Policy must be complied with at all times.

Administration

- 814 The Finance Manager must ensure bank statements are regularly checked on Lloyds Commercial Banking On-line and that reconciliations are performed on at least a monthly basis. Reconciliation procedures ensure that:
- the bank account is reconciled to the cash book on the financial management system
 - the reconciliation is subject to an independent monthly review by a nominated person who certifies the bank reconciliation and countersigns the report as evidence that the check has taken place
 - adjustments arising are dealt with promptly.

PayPal

- 815 Individual academies may set up a Pay pal account to be used for authorised transactions as appropriate with the agreement of the Business Director.

Petty Cash Accounts

- 816 In the interests of security academies are strongly discouraged from using petty cash. With the single central bank account, a petty cash float can only be maintained by withdrawing cash using a Lloyds Corporate Pay Multi Card, for which there is a charge, or by topping up prior to banking. Where petty cash is held the academy must establish a written procedure for its use.
- 817 The member of staff with responsibility for petty cash at the individual academy is responsible for ensuring reconciliation of petty cash to the financial management system takes place each month. This should be signed off by an appropriate authorised signatory.

Petty Cash Accounts

- 818 Petty cash should be held in a locking cash box which is put in a safe overnight.

Deposits

- 819 Deposits to petty cash should be from cash withdrawn from the bank using the credit card specifically for this purpose or from topping up prior to banking. The receipt should be recorded in the petty cash account on the financial management system with the date, amount and a reference relating to the payment. All other cash received for whatever reason should be paid directly into the bank using the academy location code.

Payments and Withdrawals

- 820 Purchases should be made following the procedures set out in section 6 and in the absence of petty cash staff should be discouraged from making purchases with their own money and claiming these on expenses as this does not comply with the requirements of the Financial Regulations Manual. In exceptional circumstances, where approval has been given to purchase goods or services personally and claim them on expenses reimbursement will be made through the payroll or by BACS.

Cash Flow Forecasts

- 821 The Finance Manager is responsible for preparing a cash flow forecast to ensure that the Trust has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

Investments

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

- 824 The Trust has a 32-day account and several 6 month deposits with the bank to maximise the interest obtainable from the bank while limiting the risks. The 6 month deposits have replaced a previous 95 day notice account.

9 Fixed assets

Asset Register

- 901 All tangible fixed assets purchased with a value over SNMAT's capitalisation limit of £1,000 must be entered in the asset register on the financial management system. The accounting policies in relation to the purchase of fixed assets can be found at appendix A. An inventory of all assets, regardless of whether the purchase value is below the capitalisation limit, should also be kept by the individual academy. It should include the following information:

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

- 902 The Asset Register/Inventory 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 academy's financial system and
- support insurance claims in the event of fire, theft, vandalism, or other disasters.

Security of Assets

- 903 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 904 All the items in the register should be permanently and visibly marked as the property of the academy to which they belong 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 SNMAT Board. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

Disposals

- 905 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Business Director, Headteacher or other nominated member of staff if they are valued at up to £4,999, or by the Board of Directors if valued at £5,000 or over as per the scheme of delegation. Significant disposals should be sold following competitive tender.
- 906 The Trust must seek the approval from the ESFA in writing if it proposes to dispose of an asset for which a capital grant more than £20,000 was paid.
- 907 Disposal of equipment to staff is not encouraged as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.
- 908 SNMAT is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other SNMAT assets. If the sale proceeds are not reinvested, then the academy must repay to the DfE a proportion of the sale proceeds.
- 909 The Trust must obtain prior approval from ESFA for the following transactions in accordance with paragraphs 5.23 – 5.24 of the Academy Trust Handbook:
- Acquiring a freehold of land or buildings;
 - Disposing of a freehold of land or buildings;
 - Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

Loan of Assets

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

10 VAT Procedures

- 1001 SNMAT is not currently registered for VAT. This situation is kept under constant review by monitoring the level of business income SNMAT receives. SNMAT will review the partial exemption calculation on an annual basis. SNMAT is eligible to reclaim most of the VAT it pays on invoices from HMRC.
- 1002 VAT is reclaimed centrally monthly.
- 1003 A report is run for the relevant financial period on the financial management system for the consolidated MAT by the Finance Manager or other nominated member of staff, to provide the data necessary for the completion of the reclaim form. It is essential, however, that this report is checked and that any necessary adjustments

are made prior to submission. The data from the report, both from the cash book and the purchase ledger, is exported to an excel file where the following adjustments are made:

- 1004 Where invoices are for business activities the VAT should not be charged to the VAT control account when the invoice is entered on the financial management system. However, where this has happened, any invoices for which VAT cannot be reclaimed are identified and adjusted. A journal is done to transfer the expenditure from the VAT Control Account back to the relevant expenditure ledger code.
- 1005 Where invoices relate partly to business activity and partly to non-business activity only the proportion of the VAT relating to the non-business activity can be reclaimed. Lettings are examples of business activities and all the VAT cannot be reclaimed on invoices relating to these. A proportionate calculation is done to work out the amount of VAT that can be claimed on any such invoices and the lines on the VAT claim report are adjusted so that only the correct amount of VAT is claimed. Journals are done on the financial management system to transfer the VAT not being reclaimed from HMRC from the VAT control account back to the relevant expenditure nominal ledger code.
- 1006 Reconciliation is then carried out between the VAT claim and the VAT control account to ensure that all the adjustments have been made on the financial management system. The Business Director or other nominated member of staff checks the reconciliation and signs that this has been done.
- 1007 The Finance Manager approves the VAT return on the financial management system then produces the report, which is signed by the Business Director prior to submission to HMRC.
- 1008 The VAT126 form is now submitted on-line and HMRC no longer issues a remittance advice.

Appendix A

**Diocese of Southwell & Nottingham Multi Academy Trust
ACCOUNTING POLICIES**

Basis of preparation - The financial statements will be prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which will be applied consistently, except where noted, is set out below.

Going Concern – The trustees will assess whether the use of the “going concern principle” is appropriate i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The trustees will make the assessment in respect of a period of one year from the date of the approval of the financial statements.

Recognition of incoming resources - These will be on a receivable basis.

- Grants Receivable will be included in the Statement of Financial Activities (SOFA) on a receivable basis. The balance of income received for specific purposes but not expended during the period will be shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement its recognition will be deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income will be accrued.
- Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- Sponsorship income provided to the Multi Academy Trust which amounts to a donation will be recognised in the SOFA in the period in which it is receivable. Any sponsorship money received with no restriction on its use will be credited to the unrestricted fund in the SOFA.
- The value of donated services and gifts in kind provided to the Multi Academy Trust will be recognised at their open market value in the period in which they are received as incoming resources, where the benefit to the Multi Academy Trust can be reliably measured. An equivalent amount will be included as expenditure under the relevant heading in the SOFA, except where the gift in kind is a fixed asset in which case the amount will be included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Multi Academy Trust policies.
- Other income, including catering income will be recognised in the period it is receivable.

Resources expended -All expenditure will be recognised in the period in which a liability is incurred and will be classified under headings that accumulate all costs related to that category. Where costs cannot be directly attributed to particular headings, they will be allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs will be allocated based on the spread of staff costs.

- Costs of generating funds - These will be costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities – These will be costs incurred on the Multi Academy Trust's educational operations.
- Governance Costs will include the costs attributable to the Multi Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustee meetings and reimbursed expenses.

- Resources will be recorded net of VAT, except for business costs where VAT is irrecoverable. They will be classified under headings that accumulate all costs relating to that activity.

Accounting for fixed assets -

Assets costing £1,000 or more will be capitalised as tangible fixed assets and will be carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets are acquired with the aid of specific grants, either from the government or from the private sector, they will be included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants will be credited to a restricted fixed asset fund in the SOFA and carried forward in the Balance Sheet. Depreciation on such assets will be charged to the restricted fixed asset fund in the SOFA to reduce the fund over the useful economic life of the related asset on a basis consistent with the Multi Academy Trust's depreciation policy.

This policy will not apply where buildings are held on a Church Supplemental Agreement (CSA) with the Diocese. Such capital expenditure will be expensed directly to the fixed Asset Fund in line with the nature of the CSA. Any related capital grant income will be treated in the same way.

Depreciation

Depreciation will be provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Freehold buildings 2%

Leasehold buildings 2%

Fixtures, fittings, and equipment 20%

ICT equipment 33%

Motor Vehicles 20%

Longer life fixtures and fittings in buildings not held on CSAs 10%

Amortisation

Leasehold land will be amortised over the length of the lease.

Assets under construction will be included at cost. Depreciation on these assets will not be charged until they are brought into use.

A review for impairment of a fixed asset will be carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the SOFA.

Leased Assets

Rentals under operating leases will be charged on a straight-line basis over the lease term.

Investments

The Multi Academy Trust does not hold any investments at the current time other than a 32-day account and several 6 month deposits at the bank. The accounting policy will be determined when the need arises.

Stock

Stationery, Catering, and uniform stocks will be valued at cost where it is relevant within the Trust.

Taxation

The Multi Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Multi Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the Multi Academy Trust are provided by the Teachers' Pension and Local Government Pension Scheme.

Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the Multi Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme, and the Multi Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme, and the assets are held separately from those of the Multi Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations will be obtained at least triennially and will be updated at each balance sheet date. The amounts charged to operating surplus will be the current service costs and gains and losses on settlements and curtailments. They will be included as part of staff costs. Past service costs are recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost will be shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses will be recognised immediately in other gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Multi Academy Trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency or other Funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.