# CARWARDEN HOUSE COMMUNITY SCHOOL
# Finance Policy 2024-2025

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| **Reviewed by Audit, Risk & Resources** | **6th March 2025** |
| **Date of Next Review:** | **Autumn Term 2025** |
| **Responsible Officer:** | **School Business Manager** |

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## A. STATEMENT OF ACCOUNTING PRINCIPLES

### Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2023 to 2024 issued by ESFA, applicable accounting standards and the Companies Act 2006.

### Incoming resources

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

*Donated services and gifts in kind.*

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

*Donations*

Donations are recognised on a receivable basis where there is certainty of receipt, and the amount can be reliably measured.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

### Resources expended

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

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

Irrecoverable VAT is included where appropriate.

**Going concern**
No material uncertainties that may cast significant doubt about the ability of the Academy Trust to continue as a going concern have been identified by the Trustees, therefore the financial statements have been prepared on a going concern basis.

**Tangible fixed assets and depreciation**

Tangible fixed assets costing more than £300 are capitalised at cost and are carried at cost net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose, they are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

A review for impairment of a fixed asset is 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 Statement of Financial Activities.

Tangible fixed assets are stated at cost less depreciation. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

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| Leasehold property | - | 125 years straight line |
| Building improvements | - | 10 years straight line |
| Motor vehicles | - | 7 years reducing balance |
| Furniture, fixtures & fittings | - | 3 years reducing balance |
| ICT equipment | - | 3 years reducing balance |

**Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

**Taxation**
The academy 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 academy 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**
Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 23, the TPS is a multi-employer scheme, and the academy 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 academy 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 are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are 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 academy at the discretion of the Trustees.

Restricted general funds are resources subject to specific restrictions imposed by funders or donors and include grants from the Education & Skills Funding Agency and Department for Education.

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

## 1 Introduction

The purpose of this policy is to ensure that the academy maintains and develops systems of financial control, which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

The academy must comply with the principles of financial control outlined in the academy's guidance published by the DfE. This policy expands on that and provides detailed information on the academy's accounting procedures and should be read by all staff involved with financial systems.

## 2 Organisation

The academy has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees and staff. The financial reporting structure is illustrated below:

### Role of the Trustees of the Academy Trust

The Board of Trustees has overall responsibility for the administration of the academy's finances. The main responsibilities of the trustee board are outlined in the Funding Agreement between the academy and the DfE and in the academy's scheme of delegation. The main responsibilities include:

- ensuring clarity of vision, ethos and strategic direction.
- holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff
- overseeing and ensuring effective financial performance.

The trustees **must** apply the highest standards of conduct and ensure robust governance, as these are critical for effective financial management. They should follow the Governance Handbook, which describes the following features of effective governance and will aid compliance with the Academy Trust Handbook:

- **strategic leadership** that sets and champions vision, ethos and strategy
- **accountability** that drives up educational standards and financial performance
- **people** with the right skills, experience, qualities and capacity
- **structures** that reinforce clearly defined roles and responsibilities
- **compliance** with statutory and contractual requirements
- **evaluation** of governance to monitor and improve its quality and impact.

They **must** comply with the trust's charitable objects, with company and charity law, and with their contractual obligations under the funding agreement. Company directors' duties are described in sections 170 to 181 of the Companies Act 2006, but in summary are to:

- act within their powers
- promote the success of the company.
- exercise independent judgement
- exercise reasonable care, skill and diligence

- avoid conflicts of interest
- not accept benefits from third parties
- declare interest in proposed transactions or arrangements.

As an organisation, the trust has a range of obligations under current legislation and statutory guidance. Trusts' obligations include such matters as safeguarding, health and safety and estates management. Ensuring strong governance in these areas will be a key priority for the board.

**Safeguarding**

Academy trust boards have a duty to:

- safeguard and promote the welfare of children.
- have regard to any statutory guidance on safeguarding issued by the Secretary of State
- ensure the suitability of staff, supply staff, volunteers, contractors and proprietors.

When carrying out the Prevent duty as required under section 26 of the Counter Terrorism and Security Act, trusts are required to follow the Home Office's 'Revised Prevent duty guidance: for England and Wales and the DfE's general advice 'Protecting children from radicalisation: the prevent duty'.

**Health and safety**

The main legislation covering this area is the Health and Safety at Work etc. Act 1974 and its regulations. Under the Act the academy trust, as an employer, is responsible for the health and safety of its staff, pupils, and any visitors.

Trust boards should follow the Department's 'Health and Safety: responsibilities and duties for schools' as well as 'Health and Safety Executive (HSE) guidance for Education'.

Academy trusts have a duty to manage asbestos in their schools effectively, compliant with the Control of Asbestos Regulations 2012.

**Estates management**

An academy trust's estate is both an asset and a mechanism to deliver outcomes for pupils. The DfE expects academy trusts to manage their school estate strategically and maintain their estate in a safe working condition.

The trustees must ensure regularity and propriety in use of the trust's funds, and achieve economy, efficiency and effectiveness – the three elements of value for money. The trustees must also take ownership of the trust's financial sustainability and its ability to operate as a going concern.

## Chair of Trustees

The chair is responsible for ensuring the effective functioning of the board and has a vital role in setting the highest expectations for professional standards of governance and accountability for the board. It is the chair's responsibility to give the trust board clear leadership and direction, keeping it focused on its core functions. The chair's role will be informed by the governance professional's (clerk's) advice and support. The ESFA will help chairs and their boards to do this, if required.

## Can employees be trustees?

From 1 March 2022, any newly appointed senior executive leader can only be a trustee if the members decide to appoint them as such, the senior executive leader agrees, and the trust's articles permit it. The Department's strong preference is for no other employees to serve as trustees, nor for trustees to occupy staff establishment roles on an unpaid voluntary basis, to retain clear lines of accountability.

Academy trusts must not have de facto trustees (defined in appendix 1 of the Charities SORP) or shadow directors (defined in section 251(1) of the Companies Act 2006).

## External reviews of governance

An objective independent external review of the effectiveness of the board can be a more powerful diagnostic tool than a self-evaluation. External reviews are particularly important before the board undertakes any significant change - for example before a trust grows significantly or in cases where concerns around governance arise. The Department's strong preference is that external reviews of governance are also conducted routinely as part of a wider programme of self-assessment and improvement. Reviews should also consider the interaction between members and trustees, including the extent to which members are able to assure themselves that the trustees undertake their duties effectively.

## The Audit, Risk & Resources Committee

The Audit, Risk & Resources Committee is a committee of the Board of Trustees. The Audit, Risk & Resources Committee meets twice a term, but more frequent meetings can be arranged if necessary.

The main responsibilities of the Audit, Risk & Resources Committee are detailed in written terms of reference, which have been authorised by the Board of Trustees. The main responsibilities include:

- the initial review and authorisation of the annual budget.
- the regular monitoring of actual expenditure and income against budget.
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies.
- authorising changes to the academy personnel establishment and
- reviewing the reports of the Internal Scrutiny provider on the effectiveness of the academy procedures and controls. The end of year report must also be approved by the trustees.

**The Accounting Officer (Headteacher)**

The accounting officer role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to ESFA's accounting officer, for the trust's financial resources.

Accounting officers **must** be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety and value for money.

The Accounting officer must adhere to The 7 principles of public life.

The accounting officer must have oversight of financial transactions, by:

- ensuring the academy trust's property and assets are under the trustees' control, and measures exist to prevent losses or misuse.
- ensuring bank accounts, financial systems and financial records are operated by more than one person.
- keeping full and accurate accounting records to support their annual accounts.

**The accounting officer's annual statement**

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

The accounting officer's duty to raise concerns.

The accounting officer must take personal responsibility (which must not be delegated) for assuring the board that there is compliance with the funding agreement and handbook.

The accounting officer must advise the board in writing if action it is considering is incompatible with the articles, funding agreement or handbook.

Similarly, the accounting officer must advise the board in writing if the board fails to act where required by the funding agreement or handbook. Where the board is minded to proceed, despite the accounting officer's advice, the accounting officer must consider the board's reasons and if the accounting officer still considers the action proposed by the board is in breach of the articles, the funding agreement or handbook, the accounting officer must notify ESFA's accounting officer immediately in writing.

Within the framework of the academy development plan as approved by the Board of Trustees the Headteacher has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the School Business Manager but the Headteacher retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any

senior staff posts which the board of trustees have agreed should be approved by them.
- authorising contracts between £1 and £4,999.99 in conjunction with the School Business Manager
- signing cheques and BACS Runs up to £50,000 in conjunction with another signatory.

**The Chief Financial Officer (The School Business Manager)**

The School Business Manager works in close collaboration with the Headteacher and provides operational leadership in the operation, maintenance and development of systems, processes and procedures relating to financial management. The School Business Manager also has direct access to the Trustees via the Audit, Risk & Resources Committee. The main responsibilities of the School Business Manager are:

- the establishment and operation of a suitable accounting system.
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the board of trustees.
- implementation and operation of rigorous and robust audits and control.
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy.
- the preparation of monthly and annual management accounts.
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.
- the day-to-day management of financial issues.
- ensure finance and payroll systems are effectively managed.
- supporting the writing of bids for funding and development.
- the maintenance of effective internal controls.
- to manage the tendering of all service contracts.
- monitoring all insurance policies.

**Other Staff**

Other members of staff will 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.

**The Clerk to the Board**

The academy trust has an appointed an external provider who takes minutes at all Board and committee meetings. These reflect all decisions made and by whom action is to be taken. These actions are revisited at the next meeting.

Meetings are convened by the Clerk who takes direction from the Board and the Chair of the Board. The Clerk provides each Board Member with:

- guidance to ensure the board works in compliance with the appropriate legal and regulatory framework and understands the potential consequences of non-compliance.
- independent advice on procedural matters relating to operation of the board.
- administrative and organisational support.

**Internal Scrutiny**

The Internal Auditor is appointed by the Board and provides Board of Trustees with an independent oversight of Carwarden House's financial affairs. The main duties of the Internal Scrutiny are to provide the board that its financial and non-financial controls and risk management procedures are operating effectively.

Internal scrutiny must focus on:

- **evaluating** the suitability of, and level of compliance with, financial and non-financial controls. This includes assessing whether procedures are designed effectively and efficiently and checking whether agreed procedures have been followed.
- **offering advice and insight** to the board on how to address weaknesses in financial and non-financial controls, acting as a catalyst for improvement, but without diluting management's responsibility for day to day running of the trust.
- **ensuring all categories of risk** are being adequately identified, reported and managed.

The trust identifies on a risk-basis (with reference to its risk register) the areas it will review annually. The trusts annual programme for internal scrutiny will also look at other assurance areas (e.g., External Auditor's Management Letter) when planning the annual programme. Independence in internal scrutiny is essential and therefore the reports cannot be completed by the company that undertakes the External Audit. The company completing the internal scrutiny report directly to the Audit, Risk & Resources Committee, who then report to the Board.

The Audit, Risk & Resources Committee will:

- oversee and approve the trust's programme of internal scrutiny.
- ensure that risks are being addressed appropriately.
- report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.

Employees of the academy, (other than the Accounting Officer & the Chief Financial Officer) cannot attend the Audit, Risk & Resources Committee meeting when Internal Scrutiny is an agenda item. The staff member(s) would need to leave the meeting. The chair of trustees should not be chair of the audit, risk & resources committee.

The committee must:

- have written terms of reference.
- agree a programme of work annually to deliver internal scrutiny that provides coverage across the year, agree who will perform the work and consider their reports and the academies progress in addressing recommendations.
- review the ratings and responses on the risk register to inform the programme of work.
- Have access to the external auditor, as well as their internal scrutineers.

**Delivering Internal Scrutiny**

Internal scrutiny must:

- Be independent and objective – for example it must not be performed by members of the senior leadership team or finance team.
- Be conducted by someone suitably qualified and experienced and able to draw on technical expertise, as required.
- Be timely, with the programme of work spread appropriately over the year so higher risk areas are reviewed in good time.
- Include regular updates to the audit, risk & resources committee by the internal scrutineer(s) carrying out the programme of work, incorporating:
    - A report of the work to each audit, risk & resources committee meeting.
    - An annual summary report to the audit, risk & resources committee for each year ended 31 August outlining areas reviewed, key findings, recommendations, and conclusions, to help the committee consider actions and access year on year progress.

Whilst the audit, risk & resources committee are responsible for overseeing the internal scrutiny, the findings must be made available to all trustees.

**Options**

The academy must deliver internal scrutiny in the way most appropriate to its circumstances. Options include any combination of:

- An in-house internal auditor
- A brought-in internal audit service.
- An appointment of a non-employed trustee.
- An independent peer review by the chief finance officer from another academy trust.

The academy may also use other individuals or organisations where specialist non-financial knowledge is required.

To ensure those carrying out the programme of internal scrutiny work are suitably qualified and/or experienced:

- auditors should be members of a relevant professional body.
- trustees and peer reviewers performing the work should have qualifications in finance, accounting or audit, and appropriate internal audit experience. Trusts should work towards this position where it is not already the case.
- The trust must keep its approach to internal scrutiny under review. If it changes in size, complexity or risk profile, it should consider whether its approach remains suitable.

External reporting and transparency

The trust must confirm in its governance statement, accompanying its annual accounts, which of the internal scrutiny options it has applied and why. The outcome

of the work must also inform the accounting officer's statement of regularity in the annual accounts.

The trust must submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions to ESFA by 31 December each year when it submits its audited annual accounts. The trust must also provide ESFA with any other internal scrutiny reports if requested.

**Annual Accounts & External Audit**

The academy trust maintains adequate accounting records and prepares an annual report and accounts in line with the Charity Commission's Statement of Recommended Practice (SORP) and ESFA's Accounts Direction. The accounts are audited, and the accounting period ends on 31st August each year as described in the funding statement.

The audited report and accounts need to be:

- submitted to ESFA by 31 December
- published on the trust's website by 31 January.
- filed with Companies House by 31 May.
- provided to every member and to anyone who requests a copy.

Under the Companies Act 2006, the board appoints an auditor to certify whether their annual accounts present a true and fair view of the trust's financial performance and position. The audit contract is written, and the letter of engagement specifies that the cover is only external audit. For other services a separate letter of engagement is required. The letter of engagement also allows for the removal of the auditor. To remove an auditor, the majority of the trustees have to vote for it, and they have to give their reasons. In the letter of engagement, there must be a paragraph for the auditors to explain why they would resign from the role, and this must be received within 14 calendar days of resignation. The board must inform the ESFA immediately if the auditors are removed or resign. For removal, the board must advise the reasons. For resignation, the board must copy to the ESFA an explanation from auditors. A change of auditor at the expiry of their term does not require reporting.

**External audit oversight and findings – the Audit, Risk & Resources Committee**

The audit process can support trusts by identifying areas that may require improvement. The board of trustees, taking advice from the audit, risk and resources committee, must ensure there is an appropriate, reasonable and timely response by the trust's management team to findings by external auditors, taking opportunities to strengthen systems of financial management and control. Trusts should retender their external audit contract at least every five years and will consider the relevant points below when evaluating.

Specifically, the audit and resources committee must:

- review the external auditor’s plan each year.

- review the annual report and accounts.
- review the auditor's findings and actions taken by the trust's managers in response to those findings.
- assess the effectiveness and resources of the external auditor to provide a basis for decisions by the trust's members about the auditor's reappointment or dismissal or retendering. Considerations may include:
- the auditor's sector expertise
- their understanding of the trust and its activities
- whether the audit process allows issues to be raised on a timely basis at the appropriate level
- the quality of auditor comments and recommendations in relation to key areas
- the personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the trust's managers.
- the auditor's use of technology
- produce an annual report of the committee's conclusions to advise the board of trustees and members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.

**Register of Interests**

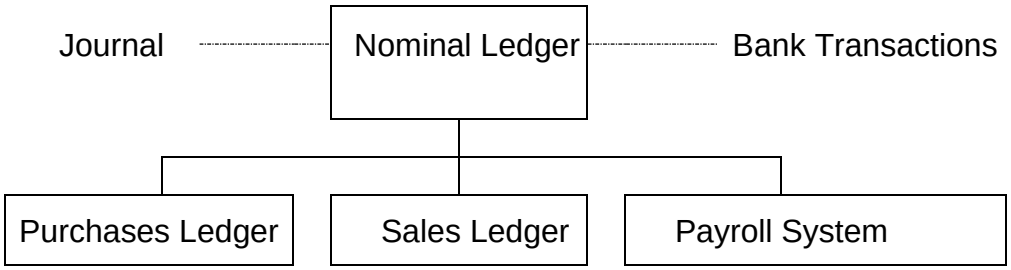
It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all academy Trustees and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.

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

The existence of a register of business interests does not, of course, detract from the duties of Trustees 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, Trustees and staff should not attend that part of any committee or other meeting.

## 3 Accounting system

All the financial transactions of the academy must be recorded into PS Financials, the computerised financial information accounting system. This system is operated by the Finance Department and consists of




Automatic update

Manual update

### System Access

Entry into PS Financials is password restricted and the School Business Manager is responsible for the level of access allowed.

Access to the component parts of PS Financials is restricted to the School Business Manager who is responsible for setting access levels for all members of staff using the system.

### Back-up Procedures

The accounting software is cloud based and therefore Iris (PSF) is responsible for ensuring that there is effective back up procedures for the system. Data is backed up on the Cloud. The School Business Manager and Finance Assistant can access PS Financials from outside the school, if necessary, via the cloud.

The School Business Manager and Headteacher have also prepared a disaster recovery plan in the event of loss of accounting facilities or financial data. As the system is now accessed via the Cloud this will assist with maintaining the financial systems should the school need to close.

### Transaction Processing

All journal entries must be entered onto PSF, individually printed and authorised by the School Business Manager or the Finance Assistant. The signed journals are filed with each relevant period end. Bank transactions should be input by the Finance Assistant or the School Business Manager. Purchase Order Invoices and other invoices are entered onto the accounting software by the Finance Assitant/Business Manager.

Detailed information on the operation of the Financial Information System can be found in the user manuals held in the Finance Department.

**Reconciliations**

The School Business Manager is responsible for ensuring the following reconciliations are performed each month (some reconciliations are completed by the Finance Assistant) and that any reconciling or balancing amounts are cleared:

- purchase ledger control account; (FA)
- payroll control account; (FA)
- all suspense accounts and
- Bank balance per the nominal ledger to the bank statement.

Any unusual or long outstanding reconciling items must be brought to the attention of the Headteacher. The School Business Manager will review and sign all reconciliations as evidence of her review and the Headteacher will countersign the reconciliations.

## 4 Financial Planning

The academy prepares both annual and long-term budget plans.

The long-term budget plan is prepared as part of the academy's financial strategy and would indicate how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three to five years.

The annual budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year.

The long-term budget plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy'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 annual budget plan are matters for the academy to decide but due regard should be given to the matters included within the guidance to academies and any annual guidance issued by the DfE.

**Annual Budget**

The academy trust must submit to ESFA, in a form specified by ESFA:

- an Academies budget forecast return (BFR) by 31 August.

The School Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved & minuted by the Headteacher, Audit, Risk & Resources Committee, and the Board of Trustees. The budget can draw on unspent funds brought forward from previous years. The Board of Trustees must notify the ESFA within 14 calendar days of its meeting if proposing to set a deficit revenue budget for the current financial year, which it cannot address after considering unspent funds from previous years, as this would be non-compliant with the funding agreement.

The approved budget must be submitted to the ESFA in accordance with deadlines published

annually and the School Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. The Trustees must approve the return prior to submission.

The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised.

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 academy to assess likely level of receipts.
- review of past performance against budgets to promote an understanding of the academy cost base.
- identification of potential efficiency savings and
- review of the main expenditure headings considering the expected variations in cost e.g., pay increases, inflation and other anticipated changes.

**Balancing the Budget**

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.

**Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget should be prepared by the School Business Manager for approval by the Headteacher, the Audit & Resources Committee and the Board of Trustees. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

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

**Monitoring and Review**

Monthly Management Accounts will be prepared by the School Business Manager. The reports will detail actual income and expenditure against budget and will be scrutinised by both Headteacher and the Board of Trustees. The Management Accounts will be sent to all the Trustees monthly. The Audit, Risk & Resources Committee will discuss all of the Management Accounts at their meetings and update all Trustees at the FTB. The format of monthly management accounts must include an income and expenditure account, variation to budget report, cash flows and balance sheet. The Trustees have set key financial performance indicators for the Trust and the Management Accounts include a monthly update on the performance.

Any potential overspend against the budget must in the first instance be discussed with the Headteacher. The accounting system will not allow payments to be made against an overspent

budget without the approval of the Headteacher or School Business Manager.

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 contingency. All budget Virements over £10,000 must be authorised by the Audit, Risk & Resources Committee, and under £5,000 by the Headteacher.

**Cash Management**

The trust must manage its cash position robustly. It must avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing. It may be required to report on its cash position to ESFA where there are concerns about financial management.

**Investments**

The board of trustees may invest to further the trust's charitable aims but must ensure investment risk is properly managed. When considering an investment, the board must:

- have an investment policy to manage and track its financial exposure and ensure value for money.
- exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser.
- ensure exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximisation.
- ensure investment decisions are in the trust's best interests.
- review the trust's investments and investment policy regularly.

## 5 Payroll

The main elements of the payroll system are:

- staff appointments.
- payroll administration and
- payments.

**Staff Appointments**

The board of trustees have approved a personnel establishment for the academy. Changes can only be made to this establishment with the express approval in the first instance of the Audit, Risk & Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint staff within the authorised establishment except for Assistant and Deputy Headteachers and the School Business Manager whose appointments must follow consultation with the Trustees. The School Business Manager maintains personnel files for all members of staff, which include contracts of employment. All personnel changes

must be notified, in writing, to the School Business Manager immediately.

The board of trustees must ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding his or her remuneration.

The board must discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including;

- an agreed process for determining executive pay.
- Independent scrutiny by the board.
- robust decision-making.
- proportionality – that pay, and benefits represent good value for money and are defensible relative to the public sector market.
- Documented decision-making with rationale.
- a basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term.
- understanding that inappropriate pay and benefits can be challenged by ESFA, particularly in instances of poor financial management of the trust

**Publication of executive pay**

The trust must publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100k, in £10k bandings, for the previous year ended 31 August. Benefits for this purpose include salary, employers' pension contributions, other taxable benefits and termination payments. Trusts may wish to display this information in a tabular form showing in each column salary, pension etc. Where the academy trust has entered into an off-payroll arrangement with someone who is not an employee, the amount paid by the trust for that person's work for the trust must also be included in the website disclosure where payment exceeds £100k as if they were an employee.

**Payroll Administration**

The academy payroll is administered by Educational Personnel Management Ltd. (EPM)

All staff are paid monthly through the academy payroll provider. The School Business Manager enters all variances & absence data directly onto the EPM payroll portal as soon as the month finishes. The School Business Manager enters contract amendments, new starters & leavers directly through the payroll portal. Individual print outs are produced for all portal entries and the head teacher authorises and dates all the entries.

The deadlines for payroll are on the EPM portal.

**Payments**

Monthly (around 19th month), EPM email to advise that the draft reports are available for review (Draft costings report, Draft Payslip report, HMRC Report & Previous Pay Comparison Report). The School Business Manager & Headteacher will review the reports and once satisfactory, the School Business Manager will authorise the payroll through the EPM portal. (Authorisation deadline will be on the email sent by EPM).

All salary payments are made by BACS.

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 is summarised on the gross to net pay print and under an SLA, EPM pay the payments for Pensions & PAYE/NI by BACS. The payroll printouts include a complete breakdown of all deductions.

The head teacher should select one employee at random each month and check the calculation of gross pay to ensure that the payroll system is operating correctly, and this check should be recorded and available for checking by the auditors at the IS visits.

The School Business Manager must download the final payroll reports from the EPM portal on payday, The reports will be checked again, and journal entries will be made for payroll onto PS Financial accounts (either by the finance assistant or the school business manager). A reconciliation between payroll and PSF is completed monthly. The School Business Manager should review the payroll control account 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.

On an annual basis, the School Business Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the Headteacher's office.

Electric Vehicle (EV) Salary Sacrifice Schemes

Academy trusts **must** approach ESFA to seek approval for the following transactions:

• entering into a new electric vehicle salary sacrifice scheme 26
• accepting any further employees onto an existing electric vehicle salary sacrifice scheme.

The academy **must** contact ESFA early in the planning stage, both in relation to new schemes and accepting further employees onto existing schemes.

**Risk Management.**

**Oversight of risk and the risk register**

The trust manages risks to ensure its effective operation and maintains a risk register:

- Overall responsibility for risk management, including ultimate oversight of the risk register, is retained by the board of trustees, drawing on advice provided to it by the audit, risk, and resources committee.
- Other committees may also input into the management of risk at the discretion of the board.
- Aside from any review by individual committees, the board itself reviews the risk register at least annually.
- Risks management covers the full operations and activities of the trust, not only financial risks.

**The risk protection arrangement**

The academy trust belongs to the RPA scheme to comply with its legal obligations. Not all risks are covered in the RPA so for motor & boiler insurance the academy trust has alternative insurance cover.

## 6 Purchasing

The academy wants to achieve the best value for money from all purchases. A large proportion of purchases will be paid for with public funds and there is a 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 academy.

- **Accountability:** the academy 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.

The trust's funds will not be used to purchase alcohol consumption, except where it is used in religious services.

The academy trust has autonomy over financial transactions arising in the normal course of business. However, some transactions have delegated authority limits beyond which trusts **must** obtain prior ESFA approval, regardless of the source of funds. A schedule of delegated authorities is in appendix 2F. Trusts **must** ensure they are familiar with these requirements and ESFA may intervene where trusts do not seek the required ESFA approval in advance.

**Routine Purchasing**

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to the budget holder on a half-termly basis. Budget holders will also be able to request data relating to their own budget areas from the School Business Manager.

Routine purchases up to their allocated budget can be ordered by budget holders. In the first instance, a supplier should be chosen from the list of approved suppliers maintained by the School Business Manager. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list, the reasons for this decision must be discussed and agreed with the School Business Manager and a new supplier form will need to be completed by the School Business Manager. Orders through online supplier sites (i.e., Amazon) can be placed if better value for money can be obtained. The Finance Assistant will place the order and use the school's business cards. The business cards are held securely, and the PIN codes are only disclosed when the card is signed out to the staff member when the cards are taken off site (i.e., 6th Form Family lunch – shopping for ingredients)

The Academy recognises that there are instances when it's not possible to process orders for goods & services in the normal way and items such as ingredients for cookery may have to be purchased and claimed bank (following Expenses Policy and using an expense claim form).

Orders, if possible, should be placed through the PSF online portal. The unauthorised order will be sent to the Finance Assistant who will check to ensure adequate budgetary provision exists before placing the order. Once the School Business Manager has approved the Purchase Order, the Headteacher will be advised by email and will then authorise the order.

Approved orders will be recorded in the purchase order module of the financial information system, which allocates a reference number. Orders will be dispatched to the supplier by email from the Finance Assistant.

The Finance Assistant must make appropriate arrangements for the delivery of goods to the academy. On receipt the Finance Assistant/Receptionist must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

All invoices should be sent to the School Business Manager/Finance Assistant. Invoices will be coded by the School Business Manager/Finance Assistant using the Invoice & Payment Approval stamp which shows the following:

a) Delivery/service received.
b) prices correct.
c) Arithmetic & discount.
d) Not previously paid.
e) Certified for payment.
f) Signatory initials.

The School Business Manager/Finance Assistant completes the Invoices & Payment Approval slip, and then enters the invoice onto PS Financials. A barcode will be produced for each invoice and the number is recorded at the tome of the approval box.

A BACS run will be done weekly by the Finance Assistant & School Business Manager. The BACS payment list is authorised by the Headteacher & one other bank signatory. Once all the payments have been approved the Finance Assistant/School Business Manager uploads the file to Lloyds Bank.

**Orders over £10,000 but less than £40,000**

At least three written quotations should be obtained for all orders between £10,000 and £40,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and emailed confirmation of quotes has been received before a purchase decision is made.

**Orders over £40,000 but below PCR Threshold**

All goods/services ordered with a value over £40,000, or for a series of contracts which in total exceed £40,000 must be subject to formal tendering procedures. Purchases over £214,904 requires advertising in the UK e-notification service (find a Tender (FTS). Guidance on procurement directive thresholds is given in Annex 3d.

**Forms of Tenders**

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

- **Open Tender** - This is where all potential suppliers are invited to tender. It is the preferred method of tendering as it is most conducive to competition and the propriety of public funds. The academy must consider either how best to advertise for suppliers i.e., in local press, trade journals or whether to identify all potential suppliers and contact directly if practical.
  At least 14 days' notice shall be given in one or more local paper or trade journals circulating amongst persons who undertake the proposed contract giving details of the contract and the closing date for receipt of tenders. All tenders submitted by the due date shall be considered.

  **Restricted Tender** - where a tender list is compiled after submission of a Business Questionnaire. This should be applied where certain suppliers are specifically invited to tender. A two stage tender processes appropriate for any one of the following circumstances:

  - A large number of suppliers would come forward.
  - The nature of the goods is such that only specific suppliers can be expected to supply the academy's requirements.
  - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering or there is a need to maintain a balance between the contract value and administrative costs.
  - At least 14 days' notice shall be given in one or more local and/or national papers, Find a Tender service , the government's Contract Finder service or trade journals circulating amongst persons who undertake the proposed contract giving details of the contract and inviting expressions of interest to be submitted by means of a completed questionnaire to be submitted by a specified date.
  - Invitations to tender shall be sent to three or more of these persons/organisations expressing an interest who meet the academy's minimum requirements as to financial standing, expertise and experience. A

minimum of a further 14 days shall be permitted for return of completed tenders.

**Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders.
- only one or very few suppliers are available.
- extreme urgency exists.
- additional deliveries by the existing supplier are justified.

**Preparation for Tender**

Every contract for goods, works or services up to the procurement threshold may be created by means of a written acceptance of a quotation. The acceptance must be affected by means of a written official order or its equivalent. Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required.
- after sales service requirements
- form of contract.
- Delivery date/times

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**

If a restricted tender is to be used, then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include 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**

The invitation to tender should state the date and time by which the completed tender document should be received by the academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

**Tender Opening Procedures**

All tenders should be opened at the same time, after the deadline date, by at least two members of staff (including the head teacher, or another member of the Senior Leadership Team authorised by the board of trustees to undertake that role). A list should be kept of all tenders received, all documents enclosed with each tender, the date and time of receipt, date and time of opening, the member of staff opening them and the member of staff witnessing the opening. All tenders received in hard copy should be date stamped on arrival and again on opening.

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

**Tendering Procedures**

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.

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.

Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared for the Board of Trustees highlighting the relevant issues and recommending a decision. For contracts under £40,000 the decision and criteria should be reported to the Audit, Risk & Resources Committee.

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.

The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

## 7 Income

The main sources of income for the academy are the grants from the DfE and top-up payments from local authorities that represent the increased costs that come from educating students with complex learning difficulties. The receipt of these sums is monitored directly by the School Business Manager who is responsible for ensuring that all grants due to the academy are collected.

The academy also obtains income from:

- students' families, mainly for trips and
- contributions for Food Technology
- 6th Form Leisure

**Trips**

Students should make payments via their class tutor or via the school's online payment system. All trips must be self-funding and the trip leader must ensure that costings are completed.

The Receptionist will enter any monies received from students for trips onto Tucasi (online payment system). The parents/carers are ideally asked to make payments through Tucasi. The Receptionist will chase any outstanding trips payments (via ParentMail). The school does on a discretionary basis, pay for trips from Pupil Premium. Any monies received from students will be reconciled and banked by the Finance Assistant. The monies are banked into the School Fund account and the School Business Manager reconciles this account and transfers the funds to the delegated account as required.

**Lettings**

The school has a Lettings Policy and currently let the swimming pool & hall.

The School Business Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

Details of organisations using the facilities will be held by the Schools Business Manager who will send a manual invoice prior to the commencement of the letting. The School Business Manager will ensure that letting invoices are promptly paid.

No debts should be written off without the express approval of the board of trustees (the DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

Organisations using the school's facilities are instructed to send all payments directly to the Academies Bank and that a remittance advice must be sent to the School Business Manager.

**Custody**

All cash and cheques must be kept in the school finance safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £150.00 insurance limit on the school finance safe.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Assistant 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 deposit is banked.

## 8 Cash Management

**Bank Accounts**

The opening of all accounts must be authorised by the board of trustees who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

**Deposits**

Particulars of any deposit must be entered on a copy paying-in slip. The Finances Assistant will prepare the bank deposits. As the monies are taken by the Receptionist, this is the double check for the banking and there is complete segregation of duties.

**Payments and withdrawals**

All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:

- Headteacher.
- Deputy Headteacher.
- Middle Leader (There are two MLT who are authorised to sign)

This provision applies to all accounts, public or private, operated by or on behalf of the board of trustees of the academy. Authorised signatories must not sign a cheque relating to goods or services for which they have purchased.

**Administration**

The School Business Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the academy's cash book.
- reconciliations are prepared by the School Business Manager.
- reconciliations are subject to an independent annual review carried out by External Audit and
- adjustments arising are dealt with promptly.

## 9 Fixed assets

**Asset register**

All items purchased with a value over the academy's capitalisation limit of £300.00 must be entered in an asset register. 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 member 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 academy's financial system and
- to support insurance claims in the event of fire, theft, vandalism or other disasters.

## Security of assets

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

All the items in the register should be permanently and visibly marked as the academy'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 board of trustees. 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

Items which are to be disposed of by sale or destruction must be authorised for disposal by School Business Manager and, where significant, should be sold following competitive tender. The academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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.

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

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

## Loan of Assets

Items of academy property must not be removed from 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.

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.

**Annex 2d: Procurement - Best Practice Checklist**

1. **Policies and procedures for procurement should be documented and adhered to**, to ensure that the process is being carried out on a fair, open and best value basis. The documentation should describe:

- **roles and responsibilities** of those involved in procurement (e.g., Board of Trustees, Headteacher, The School Business Manager and other Senior Managers);
- **delegated authority levels**, in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the Board of Trustees;
- **arrangements to ensure segregation of duties**.
- **how purchases are recorded** (papers records and computer records (e.g. accounting system arrangements)).

In all cases it is important to ensure that the procedures that are set out are followed, both for routine day to day procurement, and for periodic high value items.

2. Where appropriate, **individuals with relevant experience including the end-users (e.g., ICT managers, teachers) should be involved** when putting together invitations to tender, or making key decisions. This will not only aid selection of the best solutions for the academy, but may also help achieve buy-in by the end-users.

3. An officer should be nominated for coordinating the initial procurement of assets, and stocks of teaching and learning materials, during the academy's start up period. This person should provide an assessment of the completeness and reasonableness of items procured, to ensure that all essential purchases are made prior to opening, and that non-essential purchases are challenged.

4. **Procurement decisions should be clearly recorded** to ensure that the decision has been reached fairly and to provide a clear audit trail:

- minutes should be taken of all relevant meetings.
- the options available should be recorded.
- the basis for scoring/ranking should be set out.
- the individuals responsible for scoring/ranking should be identified.
- the outcome of the scoring and the final decision should be recorded.
- the reasons on which the decision was reached should be clearly documented.

5. **All key documents should be retained together by the academy.** This includes:

- invitations to tender.
- tenders received from bidders.
- quotes obtained for smaller purchases.
- papers/minutes documenting the procurement decision.
- signed copies of the contracts awarded.
- invoices.

Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT, furniture and equipment prior to moving into a new building) key documents should be transferred to, and retained by, the academy prior to cessation of the contract with the project management company.

6. **An asset register of all capital items should be established in an appropriate format and should be updated on a continual basis as assets are purchased**. The register should include:

- 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 member of staff responsible for the asset

Updating of the register as assets are procured should ensure that it is always current and should ease the task of end of year asset verification. It should also simplify the setting of insurance levels and the handling of any claims.

A similar register should also be maintained of “attractive items” (i.e., items with a cost below the academy’s capitalisation threshold) such as minor office equipment.

7. **Fitness for purpose should be a key consideration in any procurement decision** (e.g. ICT should be of the correct specification; fixtures and fittings should be of adequate durability).

8. Opportunities should be taken for **bulk purchase discounts**, for example by combining similar orders.

9. When ordering goods an assessment of likely **delivery timeframes** should be made, to ensure that appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.

**Annex 2e: PCR-compliant Thresholds from 1st January 2024**

The PCR thresholds are agreed threshold values to apply from 1st January 2024. The revised thresholds show an increase, which are due to fluctuations in exchange rates over the previous two years.

- Supplies & Services - £214,904
- Works – £5,372,609
- Most services – £214.904
- Some services are covered by the 'light touch regime', which has a threshold of £663,540

From 2024, these thresholds operate as inclusive of VAT. They were previously exclusive of VAT.

**Annex 2F Summary of freedoms and delegations**

| | | |
|---|---|---|
| Novel, contentious and repercussive | Novel, contentious, and repercussive transactions | ESFA agreement required [5.6] |
| Special payments | Staff severance and compensation | ESFA agreement required if £50,000 or more before tax [5.11 and 5.16] |
| | Ex gratia payments | ESFA agreement required [5.18] |
| Write-offs and liabilities (subject to £250,000 ceiling) | Writing-off debts and losses | ESFA consent required if exceeds:<br>• 1% of annual income or £45,000 individually; or<br>• 2.5% or 5% of annual income cumulatively [5.19 and 5.20] |
| | Entering into indemnities (beyond the normal course of business), guarantees or letters of comfort | |
| Acquisition and disposal of fixed assets | Acquiring freehold land/buildings | ESFA agreement required [5.23] |
| | Disposing of a freehold on land/buildings | ESFA agreement required [5.23] |
| | Disposing of heritage assets | ESFA agreement required [5.23] |
| | Other disposals | Trust has full discretion [5.24] |
| Leasing | Taking up a finance lease | ESFA agreement required [5.26] |
| | Taking up a leasehold on land and buildings | ESFA agreement if lease term seven years or more [5.26] |
| | Taking up any other lease | Trust has full discretion [5.25] |
| | Granting a lease on land and buildings | ESFA agreement required [5.26] |
| GAG | GAG carry forward. | No limits if trust eligible [5.29] |
| | Pooling by trusts with multiple academies | No limits (except PFI) if trust eligible [5.30] |
| Borrowing | Loan, overdraft. | ESFA agreement required [5.33] |
| | Credit cards (for business use) | Trust has full discretion provided charges not incurred [5.33] |
| Related party transactions | Supplies to the trust from related parties | ESFA agreement required over £40,000 and over associated limits in [5.42] unless exempt as set out in |