



Medway Anglican Schools Trust (MAST)

Financial Regulations Manual

Version 1.1

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Approved by the Board of Directors

1. Introduction

- 101 The purpose of this manual is to ensure that the Medway Anglican Schools Trust (MAST) maintains and develops systems of financial control which conform to the requirements both of propriety and good financial management. It is essential that these systems operate properly to meet the requirements of the MAST's funding agreement with the Department for Education (DfE).
- 102 The MAST must comply with the principles of financial control outlined in the academies guidance published by the DfE. This manual expands on that and provides detailed information on the MAST's accounting procedures. The manual should be read by all staff involved with financial systems.

2. Organisation

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

The Executive Board of Directors

- 202 The Executive Board has overall responsibility for the administration of the MAST's finances. The main responsibilities of the Executive Board are:

- To ensure that funds are received according to the academy's Funding Agreements, and are used only for the purposes intended;
- To approve the MAST consolidated Budget;
- To approve the MAST 3 Year Financial Plan;
- To approve the MAST Central Budget;
- To make recommendations to the Members in respect of appointment of external auditors;
- To make recommendations to the Members in respect of appointment of internal auditors;
- To regularly monitor actual income and expenditure against budgets using the management accounts for the MAST taking into consideration recommendations from the Finance Committee;
- To approve the mandates for the operation of academy bank accounts and credit cards;
- To appoint the finance committee (audit committee) and approve its terms of reference;
- To approve the scheme of delegation;
- To approve purchase orders/invoices/contracts over £15,000;
- To approve tenders over the OJEU limit;
- To approve property lettings over 1 year and/or £25,000;
- To approve severance and compensation payments up to £49,999;
- To appoint the MAST CEO and accounting officer
- To appoint the Headteacher of each academy in consultation with the local governing body and in line with the scheme of delegation;
- To appoint the MAST CFO;

The Finance Committee (Audit Committee)

- 203 The Finance Committee is a committee of the Executive Board of Directors. The Finance Committee meets at least three times per annum but more frequent meetings are arranged as necessary.
- 204 The main responsibilities of the Finance Committee are detailed in written terms of reference which are authorised by the Executive Board. The main responsibilities are:
- To review the MAST consolidated budget and make recommendations to the Executive Board;
 - To review the MAST 3 Year Financial Plan and make recommendations to the Executive Board;
 - To review the MAST Central Budget and make recommendations to the Executive Board;
 - To approve the annual budget for each individual academy;
 - To regularly monitor actual expenditure and income against budget and make recommendations to the Executive Board;
 - To review the mandates for the operation of academy bank accounts and credit cards and make recommendations to the Executive Board as appropriate;
 - To ensure appropriate insurance arrangements are in place for the MAST;
 - To ensure an appropriate framework of internal financial controls is established and published;
 - To ensure appropriate accounting policies have been set and approve the Financial Regulations Manual;
 - To approve virements of approved budgets over £10,000; <£5K Headteacher; £5K-£10K CEO.
 - To ensure the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfES guidance issued to academies;
 - To authorise purchase orders/invoices and contracts over £15K and up to the value of £49K;
 - To authorise formal tenders over £15,000 up to the OJEU limit;
 - To authorise the disposal of assets over £1,000;
 - To approve operating leases over £5,000;
 - To approve writing off bad debts over £300;
 - To authorise changes to the personnel establishment of each academy and
 - To act as the audit committee for the MAST and review the reports of the CFO on the effectiveness of the financial procedures and controls and make recommendations to the Executive Board.

The CEO

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Within the framework of the MAST development plan as approved by the Executive 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 CFO for the MAST the CEO's responsibilities are:

- To 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;
- To be an authorised signatory for the MAST bank account and authorise payments in conjunction with another authorised signatory as required.

The MAST CFO

206 The MAST CFO is line managed by the CEO through whom they are responsible to the Executive Board of Directors. The CFO also has direct access to the Executive Board via the Finance Committee. The main responsibilities of the CFO are:

- To act as the Chief Finance Officer (CFO) for the MAST
- To ensure that the MAST financial position is managed at a strategic level within the framework for financial control determined by the Executive Board;
- To ensure all financial matters focus on the wider needs of the MAST rather than on any one individual academy;
- To ensure financial policies are in place and work with internal audit to provide assurance to the Finance Committee and Executive Board of Directors;
- To ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the MAST;
- To challenge finance staff to ensure that value for money is routinely obtained;
- To bring to the board virements (over £5k); write off of debts (over £300) and tenders (over £15k);
- To bring to the board proposals for new lettings;
- To undertake the responsibilities in respect any new schools converting to academy status and joining the MAST, should the situation arise;
- To ensure forms and returns for the MAST are sent to the DfE in line with the timetable in the DfE guidance.
- To ensure that VAT is correctly applied, reconciled and reported to HMRC. The CFO will also undertake to ensure that any resultant payments/receipts are effected in a timely manner;
- To ensure that the MAST's detailed trial balance is accurate, finalised and available to the auditors within one week's notice for the purposes of internal audit, management accounts and year end financial statements;
- Liaise with the internal and external auditors in respect of any audit queries and ensure data is supplied to the auditors within agreed timescales.

Local Governing Bodies

207 Each academy in the MAST has its own Local Governing Body. The main financial responsibilities of the Local Governing Bodies are:

- To review the budget lines for which they are responsible under the Scheme of Delegation and make recommendations for approval to the Executive Board;
- To make recommendations to the CEO in relation to the appointment, pay and contractual terms of members of the Headteacher and Deputy Headteacher in

their individual academy;

- To make recommendations to the Board pay panel in relation to the appointment, pay and contractual terms of members of staff other than members of the senior leadership team.

The Headteachers

208 The Headteacher of each individual academy in the MAST has the following financial responsibilities:

- To ensure draft budget papers are prepared for consideration of MAST Finance Committee.
- To ensure that School Improvement Plan priorities are properly costed and linked to the academy budget and finance plan
- To authorise debt write offs up to £300;
- To authorise the disposal of assets up to £1,000;
- To authorise payments from their academy's bank account in conjunction with another authorised signatory;
- To act as an authorised signatory for the purposes of certifying appointments, claims etc;
- To make recommendations to the Board pay panel in respect of appointments pay and contractual terms and conditions for staff other than members of the senior leadership team.

The Accounting Officer

209 The Accounting Officer (CEO) is appointed by the Executive Board and provides Directors with an oversight of the academy's financial affairs. The main duties of the CEO are to provide the Executive Board with assurance that:

- the financial responsibilities of the Executive 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 and financial considerations are fully taken into account in reaching decisions.

210 The Accounting Officer will commission a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Executive Board. A report of the findings from each visit will be presented to the Finance Committee.

Finance/Business Managers for the Primary Academies

211 The main responsibilities of the Finance/Business Manager for each of the Primary academies in the MAST are:

- To draft original and revised finance plans in cooperation with the Headteacher and under the direction of the CFO;
- To maintain the accounting records using PS Financials
- To ensure that purchase orders are raised prior to ordering goods/services, wherever possible, to aid effective budget monitoring and management;
- To ensure that payments are made to suppliers within 30 days after the date of the invoice;
- To ensure monthly completion of bank, petty cash and other reconciliations is adhered to;
- To monitor the budget on a monthly basis;
- To monitor cash flow during the month and liaise with the CFO regarding this;
- To ensure that proper checks and controls are in place to cover day-to-day activities in accordance with the Financial Regulations Manual;
- To ensure VAT is correctly accounted for on PS Financials;
- Liaise and co-operate with the CFO and the internal and external auditors in respect of any audit queries and ensure data is supplied to the CFO and/or the auditors within agreed timescales.
- Liaise and co-operate with the CFO in respect of any queries and ensure data is supplied for the preparation of the annual Financial Statements within agreed timescales.
- Liaise and co-operate with the CFO in respect of any queries and ensure data is supplied for the preparation of the forms and returns required by the DfE within agreed timescales.

Other Staff

212 Other members of staff in each of the academies in the MAT and budget holders have some financial responsibilities and these are detailed in the following sections of this manual. 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

213 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 MAST Directors and staff are required to declare any financial interests they have in companies or individuals from whom the MAST may purchase goods or services. The register is open to public inspection.

214 The register includes all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the MAST. The disclosures 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.

- 215 The existence of a register of business interests does not, of course, detract from the duties of Directors and staff to declare interests whenever they are relevant to matters being discussed by the Executive Board or Finance Committee. Where an interest has been declared, directors and staff should not attend that part of any committee or other meeting.

3. Accounting system

- 301 All the financial transactions of the MAST must be recorded on the PS Financials accounting system. System Access
- 302 Entry to the PS Financial system is password restricted and the CFO will ensure that passwords are regularly required to be changed.
- 303 Access to the component parts of the PS Financials system can also be restricted and the CFO is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

- 304 The CFO is responsible for ensuring that there are effective back up procedures for the system.
- 305 A copy of the management accounts should be sent to the Chair of the Board and Chair of the Finance Committee each month
- 306 A copy of the latest management accounts should be circulated by the CFO to the Finance Committee one week prior to all Finance Committee meetings.
- 307 The CFO should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data as part of the Business Continuity Plan for the MAST. This should link in with the Risk Register of the major risks to which the MAST is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

- 308 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 prior to being input to the accounting system.
- 309 Detailed information on the operation of the PS Financials system can be found in the user manuals held in the office at each of the primary academies and also online within the PS Financials software.

Transaction Reports

- 310 The CFO will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:
- The weekly audit trail reports;
 - Masterfile amendment reports for the payroll, purchase ledger and sales ledger;
 - Management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

- 311 The CFO is responsible for ensuring the following reconciliations are performed each month for the MAST and all academies in the MAST, and that any reconciling or balancing amounts are cleared:
- sales ledger control account;
 - purchase ledger control account;
 - payroll control account;
 - VAT control accounts
 - bank balance per the nominal ledger to the bank statement.
- 312 For the MAST central account: any unusual or long outstanding reconciling items must be brought to the attention of the CEO by the CFO. The CEO will review and sign all reconciliations as a point of good practice.
- 313 For the MAST individual school accounts: any unusual or long outstanding reconciling items must be brought to the attention of the Headteacher and the CFO by the Finance/Business Manager. The Headteacher will review and sign all reconciliations as a point of good practice.

4. Financial planning

- 401 Both medium term and short-term financial plans are prepared for the MAST and each of the academies in the MAST.
- 402 The medium 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 three years.
- 403 The development plan provides the framework for the annual budget. The budgets for the MAT and each academy are a detailed statement of the expected resources available to the MAT and each academy 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 are concerned with the future aims and objectives of the MAST and how they are to be achieved; this includes matching the MAST'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.
- 406 The form and content of the development plans are matters for the MAST 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.
- 407 Each year the CEO together with the Headteachers will propose a planning cycle and timetable to the Executive Board which allows for:
- a review of past activities, aims and objectives - "did we get it right?"
 - definition or redefinition of aims and objectives – "are the aims still relevant?"
 - development of the plan and associated budgets – "how do we go forward?"
 - implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
 - feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 408 The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned within the plan.
- 409 The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also 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 Executive 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 the MAST with the Headteacher proposing the planning cycle and assigning responsibilities. The Executive Board will be notified of the progress against individual academy development plans in accordance with the Scheme of Delegation.

Annual Budgets

- 412 The CFO is responsible for preparing and obtaining approval for the annual budget for the MAST. The CFO is also responsible for supporting the Headteachers and directing the Finance/Business Managers of the Primary Academies in the MAST with the preparation of their budgets. The budgets must be approved by the Finance Committee and Executive Board.

- 413 The approved consolidated budget must be submitted to the DfE by the deadline each year as notified in the Accounts Direction publication. The CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 414 The consolidated annual budget will reflect the best estimate of the resources available to the MAST 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 the MAST and each academy;
 - identification of potential efficiency savings and
 - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

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.

Finalising the Budget

- 417 Once the different options and scenarios have been considered, a consolidated draft budget should be prepared by the CFO for approval by the CEO, the Finance Committee and the Executive Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 418 The budget 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 should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

- 419 Monthly reports will be prepared by the CFO for the MAST and all academies in the

MAST. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the CEO, the Chair of the Board and the Chair of the Finance Committee.

- 420 The Chair the Board and the Chair of the Finance Committee will receive and review the monthly management accounts and raise with the CFO any anomalies in the months between Finance Committee meetings.
- 421 The latest monthly management accounts will be presented to all Finance Committee members one week preceding the date of the Finance Committee meeting.
- 422 The CFO will bring to the Finance Committee the responses to queries from the Chair of the Board and the Chair of the Finance Committee raised prior to the Finance Committee meetings.
- 423 Any potential overspend against the budget must in the first instance be discussed with the CFO and be reported to the CEO.
- 424 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 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 Executive Board has approved a personnel establishment for the central function in the MAST.

503 The local governing body of an individual academy has 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 and Executive Board following recommendation from the local governing body. The Headteacher is responsible for maintaining personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the CEO and CFO of the MAST immediately.

Payroll Administration

504 The MAST payroll is administered by an external provider, presently Wilkins Kennedy LLP (WK).

- 505 New starters, leavers and payroll amendments are communicated to the Finance/School Business Manager by the Headteacher.
- 506 Staff expense forms are completed by employees and signed by the Headteacher for reimbursement of business expenses.
- 507 The Finance/Business Manager accesses an individual secure portal to upload instructions to WK to process the changes and reimbursement of expenses. All amendments must be uploaded by 12th of month. Log in to the secure portal is only set up by WK on the instructions of the CFO.
- 508 All relevant documentation is retained on the personnel file held at the relevant academy.
- 509 Individual employees complete the self-sickness absence forms for absences up to 5 days or obtain certification from doctor for longer periods. The school records this onto the school information management system (SIMS). This information is also uploaded to the WK portal.
- 510 A draft set of payslips is compiled by WK prior to the payroll being processed. The Finance/School Business Manager reviews the payslips to check that amendments have been correctly processed by WK and authorises WK to proceed with the final payroll.

Payments

- 511 Payroll deductions are calculated by WK and system automatically calculates the deductions due from payroll. The major deductions are for PAYE, National Insurance contributions and pensions. Additionally union subscriptions and attachments of earnings are also collected and paid to the third party.
- 512 All staff are paid monthly on the 25th of the month or earlier if the 25th falls on a weekend or Bank Holiday. Payroll payments to both staff and third parties are made by BACS via WK from the MAST bank account. Third party payments are made by the relevant due dates in the following month.
- 513 After the payroll has been processed and payments to employees have been dispatched, a copy of the final payslips and the payroll report are downloaded from the secure portal by the Finance/school Business Manager. These reports are checked by the Finance/School Business Manager and authorised by the Headteacher
- 514 The CFO downloads the reports for the Trust from the portal. A payroll journal to account for the payroll costs by school, department and cost centre is prepared and posted to PS Financials by the CFO. The CFO completes a high level review of the current month journals compared to prior months to identify anomalies. Payments due to be made to HMRC, pension providers and other third parties are posted to balance sheet control accounts.
- 515 The CFO reconciles the monthly total net salary payment and payments made to third parties via BACS (processed by WK) to the payroll reports and bank statements to ensure correct payments have been made.

516 The CFO should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

6. Purchasing

601 The MAST wants to achieve the best value for money from all its purchases. This means it wants to get what it needs in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and 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 MAST 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 CFO is responsible for ensuring that a value for money statement is published annually on behalf of the Executive Board in accordance with the requirements of the DfE.

Routine Purchasing Up to a Value of £500

Primary Academies and the MAT

602 Budget holders will be informed of the budget available to them at the start of the academic year. At the primary academies in the MAST the Headteacher is the budget holder for the entire budget and orders are only placed with their approval.

603 It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

604 Budget Holders have access to their budget information via the PSF Web Portal and budget holders are encouraged to keep their own records of orders placed but not paid for.

605 A quote or price should 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 finance team and if necessary, the CFO.

606 Orders should be made using PS Financials. Members of staff request items for ordering from the Finance/Business Manager.

- 607 The Finance/Business Manager requisitions the items using the web portal.
- 608 The Headteacher or Deputy Headteacher then authorises the requisition for ordering using the financial management system. Purchase orders are created on PS Financials by the Finance/Business Manager.
- 609 Each of the primary academies is responsible for maintaining their own list of authorised suppliers.
- 610 On receipt the Finance/Business Manager (or other authorised member of staff) 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.
- 611 The GRN (or invoice if there isn't one) is signed by the Finance/Business Manager (or other authorised member of staff who has checked the goods) and the Goods Receipt is completed on PS Financials.
- 612 All invoices should be given to the Finance/Business Manager who will stamp invoices with a grid against which the following can be evidenced:
- a. goods/ services received;
 - b. equipment entered on inventory;
 - c. equipment security marked;
 - d. invoice accuracy verified
 - e. discounts taken;
 - f. invoice authorised for payment;
- 613 Boxes (a), (b) (d) and (e) will be completed by the Finance/Business Manager. Box (c) will be completed by the ICT technician if necessary and box (f) will be signed by the Headteacher or Deputy Headteacher.
- 614 The Finance/Business Manager will generate a payment run for payment of those invoices on the purchase ledger due for payment which will be paid by BACS through Lloyds Commercial Banking On Line or occasionally, where a supplier is not set up on BACS, by cheque. The payment run (or cheques) and associated paperwork must be authorised by two of the nominated bank account signatories.
- 615 Cheques will be dispatched to suppliers by the Finance/Business Manager who will also make a note of the document numbers produced by PS Financials on the invoice and then place it in the appropriate file.

Orders over £5000 but less than £10,000

- 616 Where practicable three written quotations should be obtained for all orders to the value of £5000 up to £9,999 to identify the best source of the goods/services. However, the MAST acknowledges that obtaining quotations is a time consuming and therefore costly, exercise for both the MAST and suppliers. For some services the academies in the MAST 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. Where possible the MAST and the

academies use suppliers of goods and services which have contracts approved by the government benchmarking procurement service (CCS) and other recognised purchasing consortia. Such suppliers have already been vetted by these procurement agencies to ensure that they provide good value and they often offer discounts. In some cases preferred suppliers or suppliers via recognised consortia may be used where it is not practicable to obtain 3 written quotations within the required timeframe. Written details of quotations obtained should be retained by the finance staff for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed or e-mailed confirmation of quotes has been received before a purchase decision is made. The CEO following the procurement of tenders/quotations by the CFO has the responsibility for authorising contracts up to £10,000 for the MAST.

Orders over £10,000 and up to £25,000

- 617 Goods/services ordered with a value of £10,000 and over, or for a series of contracts which in total exceed £10,000 are subject to formal tendering procedures. Purchases of goods and services over £181,302 and construction and civil engineering works over £4,551,413 excluding VAT (threshold from 1 January 2018) may fall under EU procurement rules which require advertising in the Official Journal of the European Union.
- 618 Orders up to a value of £15,000 for the MAST may be authorised by the CEO.

Forms of Tenders

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

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

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

The MAT 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

- 620 Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements

- form of contract.

621 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

622 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

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

Tender Opening Procedures

- 624 All tenders submitted should be opened at the same time and the tender details should be recorded. The CFO and at least one other appropriate person eg the CEO, one of the Headteachers or, in the case of premises projects the project manager, should be present for the opening of tenders.
- 625 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

- 626 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.
- 627 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 628 Full records should be kept of all criteria used for evaluation and for contracts over £39,999 a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. Where time is of the essence the Chair of the Board in agreement with the Chair of the Finance Committee may take Chairs' Action to approve the recommendation.
- 629 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.
- 630 The accepted tender should be the one that is economically most advantageous to the MAST. All parties should then be informed of the decision.

7 Income

- 701 The main sources of income for the academies in the MAST are the grants from the DfE. The receipt of these sums is monitored directly by the CFO who is responsible for ensuring that all grants due to the academies in the MAST are collected.
- 702 The academies in the MAST also obtain income from:
- students, mainly for trips and
 - the public, mainly for lettings
 - other educational settings, for staff and consultancy services

Trips

- 703 A lead administrator must be appointed for each trip to take responsibility for the collection of sums due. The lead administrator must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance/Business Manager.
- 704 Students/parents should make payments to the school office. For residential trips students are usually issued with payment cards which provide them with confirmation of receipt. The school office should record receipt on a collection sheet for each individual trip/activity. Receipts are issued on request.
- 705 The Finance/Business Manager should maintain an up to date record for each student showing the amount paid and the amount outstanding for residential trips. The lead administrator is responsible for checking this with the Finance/School Business Manager on a regular basis and for chasing the outstanding amounts.

Sports Lettings

- 706 The school office is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
- 707 The school office is responsible for the booking of all lettings. The Finance/Business Manager is responsible for the setting up of sales ledger accounts and the production of sales invoices from PS Financials. Invoices are produced monthly in advance. The Finance/Business Manager is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.
- 708 No debts of £300 or over should be written off without the express approval of the Finance Committee of the Executive Board (the DfE's prior approval is also required if debts to be written off are above the value set out in the Accounts Direction).
- 709 Organisations using the sports facilities should be instructed to send all payments to the Finance Office.

Custody

- 710 Pre-numbered 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 Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the Finance Office safe as detailed in the RPA handbook.
- 711 Monies collected must be banked in their entirety in the current bank account. The Finance/Business Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

8 Cash Management

Bank Accounts

801 The opening of all accounts must be authorised by the Board, following recommendation by the Finance Committee, who must set out 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. Each of the accounts 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.

Payments and withdrawals

803 All cheques and other instruments authorising withdrawal from MAST bank accounts must bear the signatures of two of the signatories authorised on the relevant bank mandate. This provision applies to all accounts, operated by or on behalf of the Executive Board of the MAST.

804 It may be necessary to allow other staff access to the school business cards with authorisation from the Headteacher.

Administration

805 The CFO must ensure bank statements are received regularly for all accounts and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the cash book for each academy
- reconciliations are prepared by the Finance/Business Manager or each academy;
- reconciliations are subject to an independent monthly review carried out by the CFO, or in their absence, the CEO;
- adjustments arising are dealt with promptly.
- Reconciliations are reviewed and authorised by Headteachers in the individual academies

Petty Cash Accounts

806 Petty cash is held at each Academy, cash can be withdrawn from the Lloyds Bank. The total maximum petty cash held at each Academy is £200. The Finance/Business Manager at each Academy takes responsibility for the Academy petty cash

807 The Finance/Business Manager is responsible for ensuring reconciliation of petty cash to the financial management system takes place each month. This is signed off by the HT or DHT of the individual Academy.

Deposits

808 The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

Physical Security

809 Petty cash should be held in a locking cash box which is kept in the safe.

810 The CFO are responsible for preparing cash flow forecasts to ensure that the academies in the MAST and the MAST have 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. Similarly plans should be made to transfer funds from another bank account.

Investments

811 Investments must be made only in accordance with written procedures approved by the Executive Board.

812 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.

9 Fixed assets

Asset register

901 All tangible fixed assets purchased with a value over the MAST's capitalisation limit of £1,000 must be entered in an asset register. The accounting policies in relation to the purchase of fixed assets can be found at appendix A. 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 DfES grant and % funded from other sources)
- expected useful economic life
- depreciation

- current book value
- location
- name of member of staff responsible for the asset

902 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
- 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 Executive 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 Headteacher, if they are valued at up to £1,000, or CEO up to £5,000 and by the Finance Committee if valued at £5,000 or over as per the scheme of delegation. Significant disposals should be sold following competitive tender. The MAST must seek the approval from the DfE in writing if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.

906 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.

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

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

Loan of Assets

- 909 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 academy when it is returned.
- 910 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 The Medway Anglican Schools Trust is not currently registered for VAT. This situation is kept under constant review by monitoring the level of business income the MAST receives. The MAST will review the partial exemption calculation on an annual basis. The Trust is eligible to reclaim the majority of VAT it pays on invoices from HMRC.
- 1002 VAT is reclaimed on a regular basis.
- 1003 A report is run for each of the academies in the MAST by the CFO for the relevant financial period from PS Financials, 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.
- 1004 Any invoices for which VAT cannot be reclaimed as the purchases were for business activity are identified and deleted. A journal should be posted to transfer the expenditure from the VAT Control Account back to the relevant expenditure nominal 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 posted on the PS Financials to transfer the VAT not being reclaimed from HMRC from the VAT control account back to the relevant expenditure nominal ledger code.
- 1006 A VAT report is run for the following period to check for any invoices received late for period of the claim which must be added to the claim. A record of these is kept for the following claim to ensure that no invoice is claimed for twice.
- 1007 Reconciliation is then carried out between the VAT claim and the VAT control account to ensure that all the adjustments have been made on PS Financials. The CFO checks the reconciliation and signs that this has been done.
- 1010 The spreadsheet is organised into the format required for HMRC Form 126, printed and attached to the completed form, which is signed by the CFO prior to submission to HMRC.

- 1011 If required, a covering letter explaining the adjustments that have been made is sent to HMRC with the form.
- 1012 On receipt of the reclaimed VAT from HMRC the CFO reviews the remittance, confirms this equals the claim made and signs the remittance to confirm agreement.

APPENDIX A

ACCOUNTING POLICIES

October 2018

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 2015'), 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.
- Donated services and gifts in kind - 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's 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, with the exception of 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 so as 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.

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%
 Land 0%
 Fixtures, fittings and equipment 20%
 ICT equipment 33%
 Motor Vehicles 20%
 Longer life fixtures and fittings 10%

Assets in the course of 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. The accounting policy will be determined when the need arises.

Stock

Catering 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as 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 on the basis of 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.

This Policy will be reviewed by the Finance/Audit Committee on a 3-yearly cycle and must be signed by the Chair of Finance Committee & Accounting Officer.

