



Finance Procedures and Policy

This policy has been adopted by all schools within
The Golden Thread Alliance

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TRUSTEE APPROVED & REVIEWED – March 2023

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1 Introduction

The purpose of this policy is to ensure that The Golden Thread Alliance and its academies maintain and develop systems of financial control, which conform to the requirements of both propriety and good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department of Education (DfE). Each academy must comply with the principles of financial control outlined in the academy trust handbook published by the ESFA. This policy expands on that guidance and provides detailed information on each academy's accounting procedures and systems. It should be read by all staff involved with; and accountable for; the financial systems of The Golden Thread Alliance.

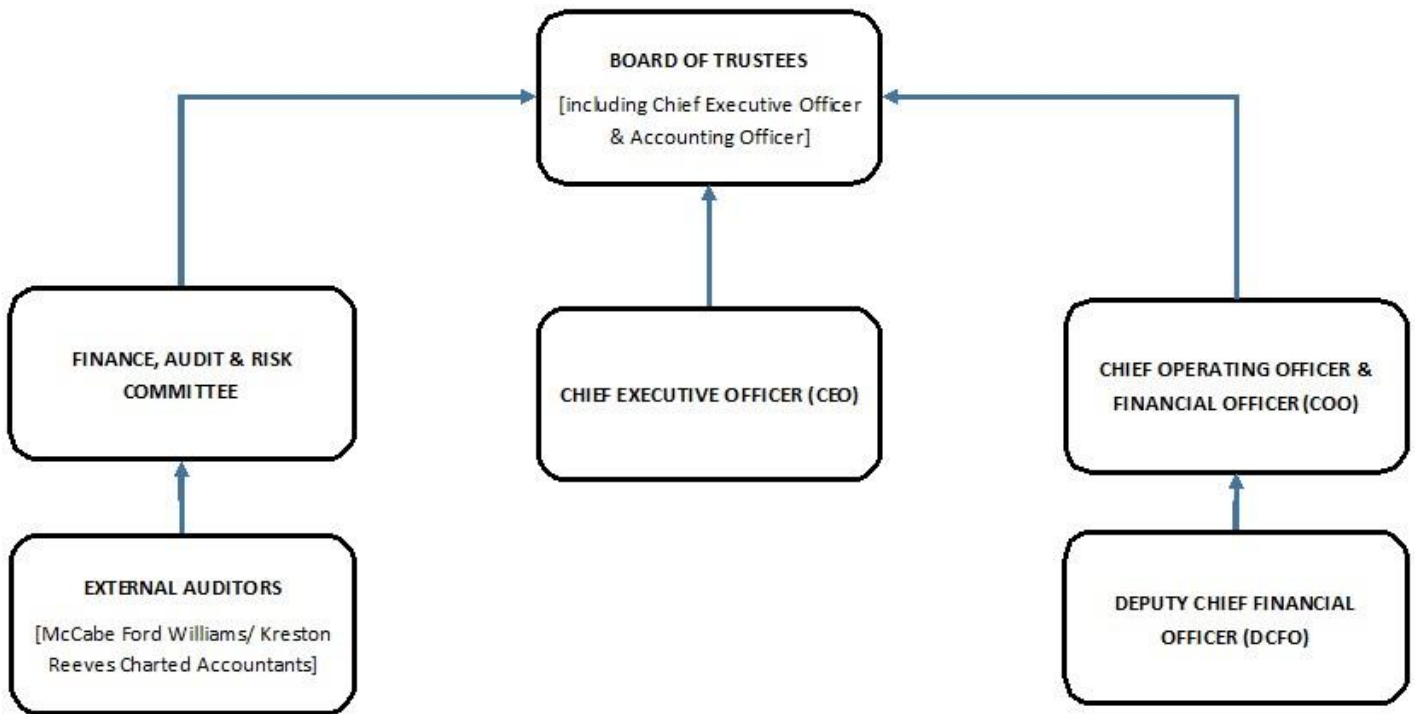
2 Principles

The Board of Trustees will manage their affairs in accordance with the high standards detailed in the Guidance on Codes of Practice for Board Members of Public Bodies and in line with the seven principles of public life.

3 Organisation and Responsibilities

The Trust has defined the responsibilities of each person involved in the administration of each Academy's finances to avoid the duplication or omission of functions and provide a framework of accountability for Trustees, governors, and staff.

3.1 Reporting Structure:



3.2 Board of Trustees

The Board of Trustees of The Golden Thread Alliance has wide responsibilities under statute, regulations, and the funding agreement. Principally, they are responsible for ensuring that the Trust's funds are used only in accordance with the law, their articles of association, their funding agreement, and the academy trust handbook. The Board of Trustees meet at least four times a year, where financial updates and reports are given in accordance with the academy trust handbook. The Finance, Audit and Risk Committee meet four times a year.

The main responsibilities of the Board of Trustees are detailed in their terms of reference, these include:

- ensuring that the grant from the DfE and other restricted funding is used only for the purposes intended,
- approval of the annual budget,
- the regular monitoring of actual income and expenditure against budget,
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and DfE guidance issued to academies,
- approval of the Annual Accounts Return,
- authorising the award of contracts and purchases charged to an individual school budget over £25,000,
- authorising the award of contracts and purchases charged to the Central Trust budget over £50,000.
- reviewing the internal audit reports on the effectiveness of financial procedures and controls,

- appointment of the Chief Executive Officer (Accounting Officer)
- appointment of the Chief Operating and Financial Officer, in conjunction with the CEO.

3.3 Accounting Officer

The Accounting Officer is personally responsible to the Board of Trustees for ensuring:

- regularity and propriety,
- prudent and economical administration,
- avoidance of waste and extravagance,
- efficient and effective use of available resources.

Included in the responsibilities of the Accounting Officer is a duty to take appropriate action if the Board of Trustees, or the Chair, is contemplating a course of action which he or she considers would infringe the requirements of propriety or regularity (including the provisions of the Funding Agreement, the Trust or academy's Action Plan, or other documents setting out the financial duties of the Board of Trustees or of any other rules governing the conduct of the board), or would not represent prudent or economical administration, or the efficient or effective discharge of the Board of Trustees' functions. In such circumstances, the Accounting Officer would be required to put his or her objections in writing to the Board of Trustees and to advise them of the requirement to inform the DfE Accounting Officer (the Permanent Secretary) and the academy's external auditors, as well as the Controller and Auditor General. Such notification should occur without undue delay, and the Departmental Accounting Officer will need to consider whether to intervene in such cases. The Accounting Officer may delegate to The Trust Chief Operating and Financial Officer to assist in these responsibilities.

3.4 Chief Executive Officer

The Chief Executive Officer has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Trust Chief Operating and Financial Officer but the Chief Executive Officer, still retains responsibility for:

- approving new staff appointments,
- authorising the award of contracts and purchases charged to an individual school budget up to £25,000 (for MIS purposes only – the CEO will authorise purchases over £25,000 once official approval has been sought, through minutes from the Finance, Audit & Risk Committee, or the Board of Trustees),
- authorising the award of contracts and purchases charged to the Central Trust budget over up to £50,000, (for MIS purposes only – the CEO will authorise purchases over £50,000 once official approval has been sought, through minutes from the Finance, Audit & Risk Committee, or the Board of Trustees)
- Authorising BACS payments, as detailed in the scheme of delegation,
- the day to day organisation, staffing and management of The Golden Thread Alliance.

3.5 The Chief Operating and Financial Officer

The Chief Operating and Financial Officer works in close collaboration with the Chief Executive Officer, through whom he or she is responsible to the Board of Trustees. The Chief Operating and Financial Officer also has direct access to the Board of Trustees. The main responsibilities of the Chief Operating and Financial Officer are:

- the day to day management of financial issues including the establishment and operation of suitable accounting systems,
- authorising new appointments,
- the management of academy's financial position at strategic and operational level,
- the maintenance of effective systems of internal control,
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy,
- preparation of monthly management accounts, which can be delegated to the Deputy Chief Financial Officer,
- ensuring forms and returns are sent to the DfE in line with their reporting deadlines,
- authorising orders and the award of contracts up to £20,000,
- on-line banking, authorising BACS payments and authorising internet transfers in conjunction with the Chief Executive Officer or other authorised signatories, □ management of The Golden Thread Alliance's Service Level Agreements.

3.6 Internal Audit Committee (Finance, Audit and Risk Committee)

Checks and balances need to be put in place to ensure that the financial management arrangements within the Trust are monitored. The Board of Trustees have appointed McCabe Ford Williams accountants to act as an external body who will provide an independent oversight of the academies financial affairs. The auditors will present the Board of Trustees with assurance that:

- the financial responsibilities of the Board of Trustees are being properly discharged,
- resources are being managed in an efficient, economic, and effective manner, □ sound systems of internal financial control are being maintained,
- financial considerations are fully considered in reaching decisions.

Kreston Reeves will undertake an internal audit programme each academic year to ensure that financial transactions have been properly processed and that controls are operating in accordance with The Golden Thread Alliance's finance policy. A report of the findings from the visit will be presented to the Board of Trustees at the next available board meeting.

3.7 Deputy Chief Financial Officer

- The Deputy Chief Financial Officer works in close collaboration with and is personally responsible to the Chief Operating and Financial Officer. Authorising orders and the award of contracts up to £15,000.

The main responsibilities of the Deputy Chief Financial Officer include:

- accounts payable,
- accounts receivable,
- payroll reconciliation,
- reconciliation of the bank statements, which can be delegated to the Finance Officer,
- completion of monthly finance procedures,
- monthly monitoring, □ budget setting, □ cash flow monitoring.

3.8 Other Staff

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

3.9 Register of Business 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, governors, and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection. Declarations should include all business and pecuniary (monetary) interests such as directorships, shareholdings, and other appointments of influence within a business or other organisation. They should also include interests of related persons such as a parent, spouse, child, cohabitee, and business partner where that person could exert influence over a trustee, governor, or member of staff. The existence of a register of business interests does not of course detract from the duties of the Trustees, governors, and staff to declare interests whenever they are relevant to matters being discussed by the Board of Trustees or Local Governing Body. Where an interest has been declared, Trustees, governors and staff should withdraw from that part of the meeting. All declarations are uploaded and reported to the ESFA via the Related Party Transactions portal annually in accordance with the academy trust handbook. It is the role of the Governance Professional to ensure that the Register of Business Interest is up to date.

4 Financial Planning

The Golden Thread Alliance prepares both medium and short-term financial plans. The School Development Plans indicate how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the medium term and provides the framework for the annual budget. The annual budget is a detailed statement of the expected resources available to the academies and the planned use of those resources during the year.

5 Annual Budget

The budget process follows an annual planning cycle. The Chief Operating and Financial Officer is responsible for preparing the budget in liaison with the Chief Executive Officer and the Deputy Chief Financial Officer. Then, obtaining recommendation from the Finance, Audit and Risk Committee followed by approval for the annual budget from the Board of Trustees. The annual budget will reflect the best estimate of the resources available to The Golden Thread Alliance for the forthcoming years and will detail how those resources will be utilised establishing clear links to support the objectives identified in the Trust and School Development Plans.

The budget planning process will incorporate the following elements:

- forecasts of likely pupil numbers to estimate the amount of DfE grant receivable,
- review of other income sources available to The Golden Thread Alliance to assess the likely level of receipts,
- review of past performance against budgets to promote an understanding of The Golden Thread Alliance cost base,
- identification of potential efficiency savings,

- review of the main expenditure headings to reflect known changes and expected variations in costs such as pay increases, inflation, or other anticipated changes.

The draft budget should be presented to both the Finance, Audit and Risk Committee for recommendation and to the Full Board for approval. Once the budget is agreed this should be communicated to all responsible budget holders (if applicable) to ensure they are aware of the overall budgetary constraints. The approved budget must be submitted to the Education Skills Funding Agency (ESFA) in line with the published deadlines each year and in the required format. The Chief Operating and Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. The final budget must be input into individual school's Financial Management System and fixed. It is not The Golden Thread Alliance's policy to approve any virements to the budget. Any variances to the original budget will be highlighted via the monthly monitoring process and reported to the Board of Trustees at the next available board meeting.

6 Budget Management

The Deputy Chief Financial Officer will prepare monthly monitoring reports, working alongside the Chief Operating and Financial Officer, detailing actual income and expenditure against budget and forecast outturn. These will be presented to The Finance, Audit and Risk Committee at each meeting and the Chief Executive Officer monthly. Monthly monitoring and cash flow forecasting will be sent to the Chair of The Trust Board monthly via email.

The Chief Executive Officer may delegate elements of the budget to staff where this is appropriate. These budget holders must operate with the same objectives and controls as those agreed for The Golden Thread Alliance as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the Chief Executive Officer, who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed.

- Each Headteacher/Head of School will receive a regular breakdown of their delegated budgets – being training and learning resources.
- Each School Business Manager - will receive a regular breakdown of their delegated budget – being premises
- Any potential overspends against the budget will in the first instance be reviewed by the Deputy Chief Financial Officer whilst carrying out monthly budget monitoring. Further discussion will take place with the Chief Operating and Financial Officer to determine future spend and affordability.
- The Board of Trustees will receive a budget monitoring report from the Chief Operating and Financial Officer on current spend against budget and forecast outturn at each Finance, Audit, and Risk Committee. The Board will continually monitor the quality of the financial information presented to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

□

7 Accounting System

The Golden Thread Alliance uses IRIS - PS FINANCIALS and all financial transactions must be recorded using this system. Access rights within PS FINANCIALS are defined for each user with a unique ID and password. Users are detailed in the Scheme of Delegation (Appendix 1).

7.1 Financial Accounting System

- there must be a clear audit trail for all financial transactions from the original documentation to accounting records,
- finance records must be stored for six years plus the current year,
- only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use,
- authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified,
- all records should be protected against unauthorised modifications, destruction, disclosure, or loss whether by accident or intention,
- The Golden Thread Alliance purchases remote backup and disaster recovery from EIS; a trading company of the Local Authority (LA).

7.2 Transaction Processing

- all journal transfers and transactions will be processed by a member of the Central Finance Team,
- cash book entries will be made by a member of the Central Finance Team
- fixed asset transactions will be made by the Deputy Chief Financial Officer or Chief Operating and Financial Officer,
- orders on requisitions authorised in accordance with the scheme of delegation (Appendix 1) will be raised by a member of the Central Finance Team,
- invoices will be processed ready for payment by the Finance Assistants or Finance Officers and authorised as follows;
 - where invoices are processed by the Finance Assistants the Finance Officers will authorise the invoice.
 - where invoices are processed by a Finance Officer the opposing Finance Officer will authorise the invoice (all invoices can also be authorised by either the Chief Executive Officer, Deputy Chief Financial Officer, the Deputy Chief Operating Officer or The Chief Operating and Financial Officer.)
- BACS payments will be raised by the Finance Officers and signed in accordance with the Scheme of Delegation (Appendix 1),

7.3 Reconciliations

The Deputy Chief Financial Officer will ensure monthly reconciliations are completed in respect of:

- income received from the ESFA/LA against expected allocations,
- VAT control codes,
- bank statements,
- payroll

The main elements of the payroll system are:

- staff appointments
- payroll administration

- payments and monitoring

8 Payroll

8.1 Staff Appointments

The Board of Trustees will be responsible for the appointment of the Chief Executive Officer, and the Governance Professional to the Board. The Chief Executive Officer has authority to appoint all other staff except for the Headteachers, whose appointments must follow consultation with the Local Governing Body. The Chief Executive Officer ensures personnel files are maintained for all members of staff which include contracts of employment. All personnel changes must be notified to the Chief Operating and Financial Officer immediately.

8.2 Payroll Administration

The administration of the academy's payroll is outsourced to HR Connect. All payroll transactions relating to Golden Thread staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made to staff through any other mechanism. All new appointments, leavers, changes to contracts or personal details are to be notified to HR Connect. Forms should be completed by the HR Officers, The Head of HR or the /Deputy Chief Financial Officer and authorised by the Chief Operating and Financial Officer, the Chief Executive Officer, or the Deputy Chief Operating Officer. In the case of changes to the Chief Executive Officer, salary, forms should be signed by the Chair of Trust Board, as per the Scheme of Delegation (Appendix 1). All personnel contracts are checked and signed for accuracy by the HR Officer. These are then passed the Chief Executive Officer, for signing on behalf of The Trust. Copies should be retained in the employee's personnel file. All personnel files shall be stored in a lockable cabinet. Only the Chief Executive Officer, the Chief Operating and Financial Officer, the Head of HR, the Deputy Chief Financial Officer and HR Officers will have access to staff files, but individuals can request to see their own files in line with the data protection policy and Subject Access Requests. The HR Officers are responsible for keeping the staff personnel database up-to-date via SIMS Personnel recording system. The Head of HR will oversee this process.

Absence records are maintained by the individual Business Managers and recorded on SIMS or Arbor. Absence and unpaid leave will be entered on to the spreadsheet provided and sent to the Central Team for submission to payroll. Staff claims for overtime must be checked and authorised by the Headteachers/Head of School, Chief Executive Officer, the Chief Operating and Financial Officer and/or Deputy Chief Financial Officer or Line Manager. The claims for overtime, casual claims and supply claims will be input to iTrent in line with the payroll deadlines set by HR Connect. This is carried out by the Central Finance Team. All leave forms will be signed by Headteachers/Head of School and additional payments will be authorised by the Chief Executive Officer, the Chief Operating and Financial Officer, the Deputy Chief Financial Officer or the Headteacher/Head of School and submitted by the deadline provided each month from HR Connect.

8.3 Payments and Monitoring

HR Connect submit payroll reports prior to salary payments being dispatched detailing costs and individual's payment details. The Deputy Chief Financial Officer or Finance Officers will reconcile the current month's payments against the Monthly Staff Profile report from the budget planning software Orovia or the Excel Workbooks, and this will be signed off accordingly

by the Chief Operating and Financial Officer or Deputy Chief Financial Officer Any differences must be investigated immediately, and remedial action taken. All spreadsheets will be presented to the Chief Operating and Financial Officer, or Deputy Chief Financial Officer for final sign off. The Deputy Chief Financial Officer will undertake a reconciliation of all claims for additional hours and unpaid leave against the spreadsheet submitted to payroll. All salary payments are usually made by BACS, in exceptional circumstances a bank transfer will be issued following confirmation of amount from the payroll provider. HR Connect automatically calculate the deductions due from payroll to comply with current legislation. HR Connect are authorised to make third party payments on behalf of The Golden Thread Alliance for the amounts of deductions owed to HMRC, Teachers Pensions and the Local Government Pension Scheme. The Deputy Chief Financial Officer or Senior Finance Officer will enter the payroll data into PS FINANCIALS via journal transfer at the earliest opportunity but no later than the 25th of the following month. The cost will be split across the schools according to 'the need' for any members of staff that are required to work across The Golden Thread Alliance as a whole and will change accordingly.

9 Procurement

The Golden Thread Alliance will aim to achieve best value for money for all its purchases ensuring that services are delivered in the most economical, efficient, and effective way, within available resources. A large proportion of purchases will be paid for with public funds, therefore 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 Trust is publicly accountable for its expenditure and the conduct of its affairs,
- **Fairness**, that all those dealt with by The Trust are dealt with on a fair and equitable basis.

All orders for goods and services are subject to the following rules concerning quotes and tenders:

9.1 Orders over £3,000 but less than £15,000

At least three quotations should be obtained for all orders to identify the best source of the goods/services. Details of quotations obtained should be retained for audit purposes. Telephone quotes are acceptable if these are evidenced, and scanned confirmation of quotes have been received before a purchase decision is made. Exceptions to obtaining three quotes would be:

- where the service is being provided by a contractor to maintain or extend systems they have previously installed or are under contract to maintain,
- suppliers have provided quotes and tenders for a similar service within the past twelve months, where they were the selected supplier; details should be recorded on or attached to the requisition form,
- Where the services or goods are unique, and suppliers are limited.

9.2 Orders over £15,000 but less than £25,000

All goods/services ordered with a value over £15,000 but less than £25,000, or for a series of contracts which in total exceed £15,000 but less than £25,000, must be subject to three written quotations. Independent written evidence should be retained for examination. Independent written evidence means quotations provided on suppliers' headed notepaper.

9.3 Individual school budget orders over £25,000

A minimum of three formal quotations to be obtained in writing by a specified date and time based on a written specification and must be referred to the Board of Trustees for formal approval. Evidence should be retained for examination. Formal tenders may be requested if it is felt appropriate.

9.4 Central Trust budget orders over £25,000 but less than £50,000

All goods/services ordered with a value over £25,000 but less than £50,000, or for a series of contracts which in total exceed £25,000 but less than £50,000, must be subject to three written quotations. Independent written evidence should be retained for examination. Independent written evidence means quotations provided on suppliers' headed notepaper.

9.5 Central Trust budget orders over £50,000

Goods or services ordered with a value over £50,000 or for a series of contracts in which the total exceeds £50,000 must be subject to formal tendering procedures as detailed below. All paperwork relating to the tender must be copied to the Chief Operating and Financial Officer.

Where broker companies are used for purchasing goods, all of the above procurement requirements will apply, however, it will be acceptable for the broker company to provide one quotation which includes three separate costs based on similar specifications.

10 Forms of Tender

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

10.1 Open Tender:

This is where potential suppliers are invited to tender. The budget holder must discuss and agree with the Chief Operating and Financial Officer how best to advertise e.g., general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

10.2 Restricted Tenders:

This is where suppliers are specifically invited to tender and are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- many suppliers would come forward or because the nature of the goods is such, that only specific suppliers can be expected to supply the academy requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

10.3 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 existing supplier are justified.

10.4 Preparing for Tender

Full consideration should be given to:

- object of project,
- overall requirements,
- technical skills required, □ after sales service requirements, □ form of contract.

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.

10.5 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,
- cope and objectives of the project,
- technical requirements,
- implementation of the project,
- terms and conditions of the tender,
- form of response,

10.6 Aspects to Consider Financial

- comparison of like with like cost and if a lower price means a reduced service or lower quality, this should be borne in mind when reaching a decision,
- hidden costs – care should be taken to ensure tender price is the total price, □ is there scope for negotiation?

Technical

- 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.

10.7 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 be accepted.

10.8 Tender Opening Procedures

All tenders should be opened at the same time and tender details should be recorded and signed. Two persons should be present at the opening of the tenders, this would normally be the Chief Operating Officer, CFO, and the Chief Executive Officer, in some circumstances this could be delegated to an agent who has been employed by The Trust to undertake the tendering process i.e., a firm of architects. 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.

10.9 Tender Evaluation Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, which may influence their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process. Those involved must take care not to accept gifts or hospitality from potential suppliers that could be seen to compromise their independence. Full records should be kept of all criteria used for evaluation and for contracts over £25,000; a report should be prepared to the Board of Trustees. The accepted tender should be one that is economically most advantageous unless it can be demonstrated that this is not the best option for the Trust/academy and other factors outweigh any monetary savings. All parties should then be informed of the decision.

11 Purchasing

As a general principal The Golden Thread Alliance's procedures for purchasing should ensure that purchases are as required and are for bone-fide purposes and value for money is obtained in respect of all goods and services. The Chief Operating and Financial Officer will ensure that there is a clear separation of duties within the finance team, which would, if combined, enable one individual to record a complete transaction. Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by the Board of Trustees. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. A report detailing actual expenditure against budget will be supplied to each budget holder on a regular basis and budget holders are encouraged to keep their own records of orders placed but not paid for.

11.1 Orders for Goods and services

Budget Holders should raise an order for goods or services using a requisition form available from the office. Advice about suppliers or obtaining best value is available from the Chief Operating and Financial Officer or Deputy Chief Financial Officer. The Budget Holder must obtain authorisation for the order, in line with the Scheme of Delegation (Appendix 1), before submitting the requisition form to the central finance team for processing. A PS Financials generated purchase order will be produced, attached to the requisition form, and filed in alphabetical order. Telephone/direct verbal ordering will be permitted only in situations where raising an official order is not practical and with prior approval from the Chief Operating and Financial Officer. In such cases, a PS Financials generated order will be raised as soon as possible. Orders may only be used for goods and services provided to the Trust. Private individuals and other organisations may not use the purchasing system to obtain work, goods, materials, or services net of VAT.

11.2 Delivery of Goods

On receipt of the goods the school admin teams or the individual who raised the order must undertake a detailed check of the goods received against the delivery note and sign the delivery note as confirmation. Any discrepancies should be reported to the Business Managers who must contact the central finance team without delay. The Budget Holder must ensure that the goods received are of acceptable quality. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the central finance team should be notified immediately. Any unwanted goods that have not been reported to the central finance team in time to be returned, will be charged to the Budget Holder responsible. All delivery notes must then be given to the Central Finance Team so that they can be attached to the original requisition form in the file and PS FINANCIALS order; any discrepancies must be investigated immediately.

12 Payment of Accounts

12.1 Payment of Invoices

Payment for supplies and services will be paid within 30 days of receipt of an invoice when:

- it is confirmed that goods or services have been received,
- supporting documents i.e., the delivery note, and requisition form are attached,
- the quantity and quality are as expected,
- the invoice is arithmetically correct,
- prices match the original order; unless subsequent discussions have been had with the supplier and the budget holder has approved the difference, VAT has been treated correctly.

No photocopied or faxed invoices will be paid but invoices sent electronically by email are acceptable. At least two people must be involved in the process of agreeing invoices and authorising payment. The Finance Officer, or Finance Assistants will do the above checks and enter the invoices on to PS FINANCIALS as soon as possible. The Finance Officers, the Chief Executive Officer, Chief Operating and Financial Officer, Deputy Chief Financial Officer or the

Deputy Chief Operating Officer will authorise the payment of the invoices and then the BACS will be generated via PS FINANCIALS. BACS payments will be signed by two authorised signatories in line with the bank mandate and the Scheme of Delegation (Appendix 1).

12.2 Compliance with PAYE Requirements

The Board of Trustees is aware that it must ensure that all salaries, wages, fees and other remuneration due to staff and other individuals, whether under a formal contract of employment or not, are paid through a formal payroll system. In some instances The Trust may consider the use of individuals for certain services, e.g. workshops, consultancy, etc. where their normal employment deems them to be self-employed. However, The Trust is aware that, dependent upon the nature (and circumstances) of the work that they are undertaking for The Trust, they may also be deemed to be employees and the academy will need to ensure compliance with the appropriate legislation regarding income tax, National Insurance, pensions, sickness benefits, etc. Any person proposing to engage the services of an individual should first consult the School Business Manager, who will refer to the Deputy Chief Financial Officer as to whether that individual should be treated as an employee given the nature of the proposed engagement. If it appears that an individual may be employed by The Trust, the individual will be placed on the payroll.

13 Other Purchases

The Golden Thread Alliance recognises that there are instances when it is not possible to process orders for goods and services in the normal way and items such as ingredients for cookery may have to be purchased and claimed back. Also, purchasing goods and services over the internet which requires payment at the time of ordering is becoming more common in practice. Orders will always be placed where possible.

13.1 Reimbursements to individuals

Requests for reimbursement to individuals are to be made on an order form and MUST be supported by receipts for the goods/services received. Where possible requisitions must be completed, authorised, and entered onto PS Financials prior to purchase. Reimbursement may be refused if the requisition is not backed up by proof of purchase or the budget holder has already spent their full allocation and did not seek prior approval to exceed the funds available.

14 Income

The main sources of income for the Academies are the grants from the ESFA and the Local Authority. Receipts of these funds are monitored by the Chief Operating and Financial Officer or the Deputy Chief Financial Officer who is responsible for ensuring all grants due to The Golden Thread Alliance are collected.

14.1 Income collected by The Golden Thread Alliance

The Golden Thread Alliance collects income from parents or the public for:

- school meals,
- trips and residential visits,
- lettings,

- Extended Services (breakfast/after school club),
- Consultation Services (provision of temporary leadership or specialist advice / support to other schools).

Where possible most of the income is received online via online payment methods to reduce cash in the schools. Where required, sales invoices will be issued. Due regard must be given to ensure that VAT is accounted for appropriately. The Finance Officer, Deputy Chief Financial Officer or the Chief Operating and Financial Officer shall ensure that all invoices are properly accounted for and that all monies due to the school have been collected. The Finance Officers and Finance Assistants are responsible for chasing debt. Any aged debtors are audited monthly by the Deputy Chief Financial Officer. Debt will be pursued monthly once all avenues have been explored to recoup the monies. The debt will be reported to the Finance, Audit & Risk Committee to obtain permission to 'write off' in line with the Scheme of Delegation (Appendix 1) and the Academy trust handbook and the schools funding agreement.

14.2 Custody

Receipts will not be issued for cash/cheque payments received unless requested. A separate record of payments received is recorded using appropriate software (Wisepay, ParentMail, Arbor) for that trip/activity. This is reconciled against cash received overall. All cash and cheques must be kept in the school safe prior to banking. Banking should take place at least once per week or more frequently as deemed necessary. Monies collected must be banked in their entirety in the appropriate bank account. The Finance Officers are responsible for preparing reconciliations between the sums collected, and the sums deposited at the bank and posted to PS FINANCIALS. The accounting system must be updated promptly and reconciled during routine month end procedures.

14.3 Trips/ Activities

A lead teacher must be appointed for each trip. For every trip or activity, a School Trip Request Form must be completed which will calculate the total cost of the trip and the individual cost to each pupil. There must be evidence that there is no intention to make a profit from any trip or activity. Whilst The Golden Thread Alliance will encourage all parents to pay for trips and activities using the online payment system Wisepay, Parentmail or Arbor it also recognises some parents will prefer to pay using cash/cheques sent in via pupils. All cash/cheques must be placed in the class register folder which is taken to the office each morning.

Parents will be encouraged to make a full contribution towards a trip however children should not be discriminated against if their parents are unwilling or unable to pay. Full details of subsidies available can be found in The Golden Thread Alliance's Charges and Remissions Policy.

14.4 Lettings

The individual academy Admin teams are responsible for maintaining records of lettings, identifying the sums due and liaising with the Finance Officers/Deputy Chief Financial Officer to ensure the invoices are raised for each organisation. All third parties using the facilities must provide the individual schools with a copy of their public liability insurance and signed hire agreement, prior to the start of the letting.

14.5 Debtors

The following debt recovery policy will be applied:

- if payment has not been received 15 days after invoice a reminder will be sent asking for payment within 7 days,
- if payment is not forthcoming, a further reminder will be sent, requesting immediate payment or contact to arrange repayment by instalment,
- if payment is still not forthcoming, for debts over £500, a threat will be issued to put the matter into the hands of a nominated solicitor if payment is not received within the next 7 days,
- if not received after 7 days, the nominated solicitor will be asked to pursue the debt and the debtor will be notified accordingly,
- debts of £500 and less will be pursued without reference to the nominated solicitor and will be reported on at board meetings where Trustees will decide on action to be taken,
- details of any debts written off and solicitor's letters sent will be provided for each board meeting.

15 Cash Management

15.1 Bank Accounts

The Golden Thread Alliance have appointed Lloyds Bank PLC as their bankers. The Scheme of Delegation sets out the arrangements covering the operation of the accounts including any internet transfers between accounts and the operation of systems such as BACS, which must also be subject to the same level of control.

15.2 Deposits

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.

15.3 Payments and withdrawals

All instruments authorising withdrawal from academy bank accounts must bear the signatures of two authorised signatories in accordance with the Scheme of Delegation (Appendix 1). This provision applies to all accounts, public or private, operated by or on behalf of the Board of Trustees.

15.4 Bank Reconciliations

The Deputy Chief Financial Officer must ensure that bank statements are received regularly, and reconciliations are performed on at least a monthly basis. Reconciliation procedures will ensure:

- all bank accounts are reconciled to the PS FINANCIALS system,
- reconciliations are subject to an independent termly review, either by the Chief Operating and Financial Officer or during the internal audit, □ adjustments are dealt with promptly.

15.5 Corporate Credit Card Accounts

The Chief Operating and Financial Officer will allocate approved corporate credit card users according to the requirements of their role. Examples of positions where this would be acceptable include, but are not restricted to, Business Managers, Caretaker, or Finance Officer. Each cardholder is personally responsible for the safe custody of their card. The card should always be held securely and any loss of cards should be reported immediately. Both the cardholder and Chief Executive Officer are jointly liable for the integrity of all transactions and proper and controlled use of the charge card. Corporate credit card holders will:

- not disclose PIN or card details to other persons,
- ensure cards are held securely and not kept at the academy overnight,
- complete a requisition form before purchasing goods,
- supply receipts for every transaction to the Business Managers, who then pass to the Central Finance team,
- report any instances of unauthorised card use to the Chief Operating and Financial Officer or Deputy Chief Financial Officer.
- report the loss of the card or PIN to Lloyds Bank PLC immediately, followed by the Chief Operating and Financial Officer or the Deputy Chief Financial Officer

The Finance Assistants, Finance Officers and/or Deputy Chief Financial Officer will:

- reconcile receipts to the credit card statement monthly,
- report any instances of unauthorised transactions or losses to the Chief Operating and Financial Officer who will inform the Board of Trustees.

The annual fee for all corporate credit cards will be charged directly to The Golden Thread Alliance.

15.6 Operating Leases

Academies that wish to pursue an Operating Lease (minibus, photocopiers, IT Equipment, etc) must inform the Chief Operating and Financial Officer or Deputy Chief Financial Officer who will review the details of the agreement on behalf of the Academy. The term of the lease cannot extend beyond a five-year term and three quotations must be obtained to demonstrate the general principles of probity, accountability, and fairness. The Golden Thread Alliance must be satisfied that the academy has the necessary financial resources to pay the lease over the given period and will need to demonstrate this within their budget planning. Final approval for all operating leases must be sought in accordance with the limits stated in the Scheme of Delegation.

15.7 Contracts/Service Level Agreements

Academies may enter into contracts and service level agreements. Final approval for all contracts/SLA's must be sought in accordance with the limits stated in the Scheme of Delegation. Three quotations must be sought to ensure value for money. The Chief Operating and Financial Officer or the Deputy Chief Financial Officer must be informed and will review the details of the agreement on behalf of the school. Final approval for all contracts and Service Level Agreements must be sought in accordance with the limits stated in the Scheme of Delegation. Trust contracts will automatically grow to include adjoining schools unless issues are raised with performance or value for money with that specific contract.

15.8 Cash Flow Forecasts

The Deputy Chief Financial Officer is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to cover day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds, as per the Investment Policy. Similarly plans should be made to re-profile annual spending plans to cover potential cash shortages.

15.9 Investments

Investments must be made only in accordance with written procedures approved by the Board of Trustees under a separate Investment Policy.

15.10 Reserves

The budget is managed in line with The Trust's Balances and Reserve Policy which is reviewed every three years.

16 VAT

16.1 VAT 126 Claims

Under legislation VAT claims can be made on expenditure supporting the academy's core business purpose of providing education. A monthly consolidated claim will be made to HMRC by the Finance Officers/Deputy Chief Financial Officer for all academies within The Golden Thread Alliance.

16.2 VAT Registration

Separate to the activities mentioned above the academy may choose to register for VAT in relation to its non- business activities. i.e., production of adult meals. The Golden Thread Alliance is not registered for VAT at present. This is kept under ongoing review with the academy's external auditors.

Guidance on VAT can be found at <http://www.hmrc.gov.uk/vat/start/introduction.htm>

17 Fixed Assets

17.1 Asset register

All items purchased with a value over the academy's capitalisation limit (individual value of £5,000) must be entered in the academy's fixed asset register. The Asset Register helps to:

- 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,
- support insurance claims in the event of fire, theft, vandalism, or other disasters.

17.2 Security of assets

Items of value are stored in a locked cupboard/cabinet where practicable and only accessed by authorised members of staff. 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 Chief Operating and Financial Officer. Inventories of academy property should be kept up to date and reviewed regularly by the individual Business Manager. Where items are used by the academy but do not belong to it this should be noted.

Safes must be kept locked, and the key removed. Keys to safes and cash boxes must always be carried on the person of the nominated key holder. The loss of such keys should be reported to the Chief Operating and Financial Officer immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in a safe is £5,000 unless a higher limit is specifically agreed with insurance. Losses due to theft of stocks or cash shall be promptly reported to the Police, Chief Operating and Financial Officer Chief Executive Officer, and Board of Trustees. Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for academy management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the academy should be promptly revoked. The management of IT security and data protection will be part of the IT support contract with the relevant outsourced provider as well as employed staff as necessary.

17.3 Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Chief Executive Officer or The Finance Audit & Risk Committee and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which a capital grant more than £20,000 was paid. See Appendix 1 for individual limits for disposal and authorisation. Disposal of equipment to staff is allowed if there is evidence that the Trust obtained value for money in any sale or scrapping of equipment. The Golden Thread Alliance would need to ensure licences for software programmes have been legally transferred to a new owner. The Golden Thread Alliance 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 ESFA a proportion of the sale proceeds. All disposals of land must be agreed in advance with the Secretary of State.

17.4 Loan of Assets

Items of academy property must not be removed from academy premises without the authority of the Chief Executive Officer, or the Chief Operating and Financial Officer or Headteacher/Head of School. A record of the loan must be recorded in asset register and booked back into the academy 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. All loans are subject to a Loan Form agreement being

signed by the person in receipt of the loan of goods and the Chief Executive Officer, or the Chief Operating and Financial Officer, or Headteacher/Head of School.

18 Annual Accounts

As a charitable company The Golden Thread Alliance must comply with company law as set out in the Companies Act 2006. This includes a requirement to prepare a Trustees' report and financial statement and for these to be independently audited by a registered auditor. Guidance of what information is required in the annual accounts can be found in the Academies Accounts Direction published by the EFA for the current year. Financial statements should be prepared to **31 August** and should include:

- incoming resources from all sources receivable in the period,
- resources expended on all activities within the period,
- all assets and liabilities of the academy at the balance sheet date, □ all cash received and expended within the period, □ notes to the accounts.

The audited accounts must be submitted to the DfE by **31 December**. As soon as the DfE deadline, but by no later than **31 May** (9 months after the end of the accounting year), a copy of the annual accounts report must be sent to the Companies Register and Charity Commission. Details of the Annual Accounts must be published on the academy's website by **31 January**. The Annual Accounts Return transfers the data in the audited accounts into a format required by the EFA and must be submitted by **31 January**.

19 Self-Assessment of Management and Governance

Every academy trust must have in place a process for independent checking of financial controls, systems, transactions, and risks. The Members have appointed McCabe Ford Williams to carry out checks on the academy's systems of internal control and on the adequacy of the academy's arrangements for financial management and governance. McCabe Ford Williams will undertake a review of the academic year and report its findings to the Board of Trustees. The Finance, Audit and Risk Committee will outline the program of works required. The Accounting Officer will present the ESFA with a statement of regularity, propriety, and compliance as part of the academy trust's annual report. This will be reviewed by the academy's external auditors.

20 Investigation of Fraud and Irregularity

The personal responsibilities of the accounting officer extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the members of the Trust are also responsible for preventing such losses of public funds, and this means that members, Trustees, and governors must be aware of the risk of fraud and irregularity to occur within their organisation and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The Trust is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. All instances of fraud or theft committed against the Trust, whether by employees, trustees, governors or third parties, above £5,000 must be reported to the ESFA. Any unusual or systematic fraud, regardless of value, must also be

reported. Further details can be found in our Anti-fraud and corruption policy and procedures document.

21 External/Internal Auditors

The Members have appointed McCabe Ford Williams as their external auditors. A letter of engagement is in place which stipulates the services to be provided and the fees to be charged. The external auditor will certify that the accounts present a true and fair view of the trust's financial performance and position and produce audited accounts.

The Board of Trustees has appointed Kreston Reeves as their internal auditors. The Programme of works has been delegated to the Finance, Audit & Risk Committee. A letter of engagement is in place and stipulates the services to be provided.

22 Central Services

22.1 Services to be provided.

The Golden Thread Alliance will provide and arrange a selection of central services for all academies within The Trust. These include, but are not limited to, finance provision, legal support, personnel provision, health & safety management and external auditors, school improvement and GDPR. The Chief Operating and Financial Officer will be available to any academy within The Golden Thread Alliance, at the request of the Chief Executive Officer, to help on a particular project or general support with the business management of the academy. The Chief Operating and Financial Officer will complete the required duties to ensure that the business management of the Trust operates efficiently and effectively and that all deadlines are met in accordance with the Academy trust handbook and other DfE regulations.

22.2 Fees

The formula for calculating the required contributions to the Central Fund will be reviewed and agreed on an annual basis by the Chief Executive Officer, in consultation with the Chief Operating and Financial Officer and the Finance, Audit & Risk Committee, or on confirmation from the ESFA that a new school will be joining The Trust. New services may be purchased midyear with the collective agreement of all schools within The Trust.

The central fund is not intended to make a profit and any proceeds remaining at year end will be carried forward and used to build a contingency to ensure The Trust remains sustainable.

THE GOLDEN THREAD ALLIANCE SCHEME OF DELEGATION

Authorising orders for goods and services

| Position | Limit/Restriction |
|----------------------------|----------------------------------------------------------|
| Board of Trustees | Over £25,001 School level – decision recorded in minutes |
| Board Of Trustees | Over £50,001 Trust level – decision recorded in minutes |
| CEO | £25,000 School level £50,000 Trust level |
| COFO | £20,000 |
| DCFO | £15,000 |
| DCCO | £15,000 |
| DCEO | £10,000 |
| Head of School/Headteacher | £10,000 |
| School Business Managers | £5,000 |
| Trust Catering Manager | £5,000 |

Authorising invoices for goods and services

| Position | Limit/Restriction |
|------------------|----------------------------------------------------------------------------------------------------|
| CEO | £25,000 School level £50,000 Trust level (above these limits once trustee approval received) |
| COFO | £20,000 |
| DCFO | £15,000 |
| DCCO | £15,000 |
| Finance Officers | £10,000 |

Bank Accounts – The Golden Thread Alliance

| Position | Authority |
|------------------------|-------------------------------------|
| CEO | BACS Signatory - one of two to sign |
| COFO | BACS Signatory - one of two to sign |
| DCFO | BACS Signatory - one of two to sign |
| DCCO | BACS Signatory - one of two to sign |
| Senior Finance Officer | BACS Signatory - one of two to sign |

On-line Banking

| Position | Authority |
|------------------------|----------------------------------------|
| CEO | Administrator and authorised signatory |
| COFO | Administrator and authorised signatory |
| DCFO | Administrator and authorised signatory |
| DCCO | BACS Signatory - one of two to sign |
| Senior Finance Officer | Input and authorised signatory |
| Finance Officer | Input Only |

Financial Management System (PS FINANCIALS)

| Position | Limit/Restriction |
|------------------------|-----------------------------------|
| CEO | Order authorisation |
| COFO | Full access |
| DCFO | Full access |
| DCOO | Full access |
| Senior Finance Officer | System user – Enter and Authorise |
| Finance Officer x2 | System user – Enter and Authorise |
| Finance Assistant x 5 | System user – Enter and Authorise |

Certification of Personnel/Payroll documents

| Position | Limit/Restriction |
|--------------------------------|----------------------------------------------|
| Chair of the Board of Trustees | Authorises recruitment forms relating to CEO |
| Chair of the Board of Trustees | Authorises variations to CEO |

| | |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CEO COFO DCEO DCOO Head of School/Headteacher Line managers | Authorises all appointment & leaver forms and variations to contracts, contracts of employment but not in relation to their own pay. Authorises monthly payroll related forms/reports e.g., overtime, supply, leave, travel and payroll reconciliation etc but not in relation to their own pay |
| CEO DCEO | Authorised signature for all payroll forms, but not in relation to their own pay |
| COFO DCOO | Authorised signature for all payroll forms, but not in relation to their own pay |
| Deputy Chief Financial Officer | Authorises all appointment & leaver forms and variations to contracts, but not in relation to their own pay. Authorises overtime, supply, leave, travel etc but not in relation to their own pay |
| Head of HR | Authorises all appointment & leaver forms and variations to contracts, but not in relation to their own pay. Authorises overtime, supply, leave, travel etc but not in relation to their own pay |

Authorisation to write-off bad debts

| Position | Limit/ Restriction |
|--------------------|------------------------------------|
| DCFO | £500 |
| CEO/COFO | £1,000 |
| F & A Committee | Over £1000– recorded in minutes |
| Secretary of State | Detailed in Academy Trust Handbook |

Asset Disposal

| Position | Limit/ Restriction |
|-----------------------------------------------|-------------------------------------------------------------|
| CEO/COFO | Asset current value up to £1,000 |
| Trustees | Asset current value - £1,001 and above– recorded in minutes |
| If a capital grant more than £20,000 was paid | ESFA approval required |

Completion of VAT returns

| Position | Limit/ Restriction |
|----------------------------------------------------------------------------|----------------------------|
| Finance Officer/ Senior Finance Officer/ Deputy Chief Financial Officer | Produce the VAT 126 report |
| COFO/DCFO/DCOO | Authorise VAT return |

Evaluation of Tenders – for decision making at appropriate delegated levels.

Opening of Tenders

| Position | Limit/ Restriction |
|----------|--------------------|
| CEO | N/A |
| COO | N/A |

| Position | Limit/ Restriction |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| CEO | N/A |
| COO | N/A |
| In some instances, it will be necessary to involve an appropriate member of staff i.e., Premises or Catering to ensure the evaluation process considers the view of the immediate service area. | |

Purchase Card Holders/Limits

| Card Holder | Limit |
|----------------------------------------|---------|
| CEO | £5,000 |
| COFO | £5,000 |
| Deputy Chief Financial Officer | £5,000 |
| Business Manager x 9 | £3,000 |
| Headteacher/Head of School | £1,000 |
| Senior Finance Officer | £10,000 |
| Finance Officer x 2 | £10,000 |
| Finance Assistant x 5 | £10,000 |
| Executive Assistant to the CEO | £1,000 |
| Executive Assistant to the COO/CFO | £1,000 |
| Governance Professional to Trust Board | £500 |
| Site Manager x 9 | £500 |

