



FINANCE POLICY

Academies Financial Handbook

HM Treasury's publication 'Managing Public Money'

Learn@ MAT Funding Agreement

Charity Commission's guidance on 'Protecting Charities from Harm'

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1. Introduction

- 1.1 The purpose of this policy is to ensure that Learn@ MAT (“the Trust”) maintains and develops systems of financial control that conforms to the requirements of regularity, propriety and value for money and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust’s funding agreement and the Academies’ Supplemental Funding Agreements with the Education & Skills Funding Agency (ESFA).
- 1.2 **The Trust must comply with the principles of financial control outlined in:**
- The latest Academies Financial Handbook published by the DfE/ESFA which contains statutory and regulatory guidance
 - Charity Commission’s guidance on ‘Protecting Charities from Harm’
 - HM Treasury’s publication ‘Managing Public Money’

This policy provides detailed information on the Trust’s accounting procedures and all staff involved with financial systems should read the policy.

2. Scope

This covers all the Academies within Learn@ MAT.

3. Values, Principles and Standards

The values, principles and standards are those outlined fully in the Academies Financial Handbook.

4. Communication

- The CFO will notify the Academies when a new finance policy is added or an existing policy is reviewed.
- All staff are notified when a policy is updated or a new policy is added to the portfolio.
- The staff induction process covers policies and procedures together with the on line access instructions.
- This policy is publically available on the Learn@ MAT website:
<https://www.learnmat.uk/attachments/download.asp?file=46&type=docx>

5. Responsibilities and Accountabilities

- The Learn@ MAT Board is responsible for ensuring that each Academy complies with legislation and that this policy and its related procedures are fully implemented.
- The Chief Finance Officer (CFO) is responsible for the implementation of this policy and for ensuring that all staff are aware of this policy.

6. Organisation

6.1 The CFO has defined the responsibilities of each person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees and staff. The financial reporting structure is detailed in the Trust’s Scheme of Delegation: <https://www.learnmat.uk/attachments/download.asp?file=105>

7. Accounting System

- 7.1 All the financial transactions of the Trust must be recorded on the official accounting system which is currently Sage.

- 7.2 Entry to the Sage system is password restricted and the CFO is responsible for implementing a system, which ensures that passwords are changed at least every 3 months.
- 7.3 Access to the component parts of SAGE can also be restricted and the CFO is responsible for setting access levels for all members of staff using the system.
- 7.4 The Sage database is backed up automatically at the end of the each day. These backups are done using Sage BMS Online Services. The backups are stored in the cloud and can be restored when required by Sage customer services team. Daily backups are rolled into weekly backups that are rolled into monthly backups, which are rolled into yearly backups. Yearly backups are retained so long as the Trust is using the software.
- 7.5 All transactions input to the accounting system must be authorised in accordance with the procedures specified on the Record of Financial Responsibility Appendix B.
- 7.6 Detailed information on the operation of the accounting system can be found in the document 'Finance and HR Procedures'.

8. Financial Reporting

- 8.1 In line with the Academies Financial Handbook, management accounts must be prepared on a monthly basis.
- 8.2 Management accounts will consist of an Income and Expenditure Statement for each academy, a Statement of Financial Position for the Trust, a cash flow forecast and reporting on Key Performance Indicators (KPIs).
- 8.3 The School Business Manager/ Bursar/ Finance Manager in each academy will complete month end checks as set out by the CFO and prepare the Income and Expenditure Statement and KPIs for their academy.
- 8.4 The CFO will be responsible for the checking and reconciliation of all balance sheet accounts on a monthly basis and the preparation of the Trust Income and Expenditure account, the Statement of the Financial Position and the cash flow forecast.

9. Financial Planning

- 9.1 The Trust prepares both medium term and short-term financial plans.
- 9.2 The medium term financial plan is prepared as part of the development planning process. The development plan indicates how educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 9.3 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year.
- 9.4 Development planning takes place annually and draws upon the evaluation of the Trust's current performance as well as upon likely internal and external changes that affect the Trust. The evaluation outlines several areas for development over coming years and

more detailed plans show what aspects are being tackled in the current year.

- 9.5 Development planning considers the funding available and significant costs are indicated in the plans with a cross-reference to the Budget.
- 9.6 The Trust CFO is responsible for preparing and obtaining approval for the annual budget. The budget must be approved in line with the Trust's Scheme of Delegation.
- 9.7 The approved budget must be submitted to the ESFA by the date specified and the Trust CFO is responsible for establishing a timetable allowing sufficient time for the approval process to ensure that the submission date is met.
- 9.8 The annual budget will reflect the best estimate of the resources available to the Trust 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.
- 9.9 The budgetary planning process will incorporate the following elements: -
- Forecasts of the likely number of pupils to estimate the amount of ESFA grant
 - Review of other income sources available to the Trust to assess likely level of receipts;
 - Review of past performance against budgets to promote an understanding of the Trust cost base;
 - Identification of potential efficiency savings
 - 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.
- 9.10 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 be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. The Board of Trustees reserve the right to override individual Academy Budgets.
- 9.11 Once the different options and scenarios have been considered, a draft budget should be prepared by the Trust CFO for approval by the CEO and the Audit, Finance and Resources (AFR) Committee. Once the budget is agreed it should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 9.12 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.
- 9.13 Monthly reports will be prepared by the Trust CFO. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the

CEO and AFR Committee.

- 9.14 Management of any variations to individual budgets is delegated to each Academy. They will be expected to provide explanations for variations to budgets on a line by line basis but do not need seek approval to variations to budgets on a line by line basis unless the surplus for the year is going to be less than budgeted for. If the surplus is going to be less than budgeted for then approval for the additional expenditure needs to be obtained from the Audit, Finance and Resources Committee or if income is less than anticipated the Academy needs to present a cost reduction plan for approval.
- 9.15 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.

10. Payroll

10.1 The main elements of the payroll system are:

- Staff appointments;
- Payroll administration and
- Payments.

Staff Appointments

- 10.2 Changes to the personnel establishment for the Trust must be within the budget parameters unless the amount of funding has increased significantly. There is a staff appointment procedure in place and this should be followed in all cases.
- 10.3 Personnel files are available for all members of staff, which include contracts of employment.

Payroll Administration

- 10.4 The Trust uses a payroll bureau. They will issue a payroll variance spreadsheet each month. The School Business Manager/ Bursar/ Finance Manager should enter any variances onto the sheet e.g. joiners, leavers, overtime etc.
- 10.5 The Headteacher must check the variance spreadsheet against supporting documentation e.g. new starter forms, timesheets and approve the variance spreadsheet either by email or by signing the variance sheet.
- 10.6 The variance sheet is then passed to the Trust Finance Manager for passing to the payroll bureau.
- 10.7 All staff are paid monthly through Payroll.
- 10.8 All staff expenses are paid via BACs. A member of staff that is claiming expenses should complete an expense claim form (available on Teams) and ensure that any expenses other than mileage are supported by a receipt. Non-mileage expenses will not be reimbursed without a supporting receipt (or some other evidence of the expenditure e.g. sight of the individual's bank statements). Expenses must be claimed on a monthly basis.

The member of staff should arrange for the budget holder to authorise their expense claim form before submitted the claim form to School Business Manager/ Bursar/ Finance Manager. Where budget holders are making expense claims the following authorisations apply:

| Member of staff claiming expenses | Member of staff to authorise |
|--|-------------------------------------|
| Headteacher | CEO |
| CEO | Chair of Trustees |
| CFO | CEO |

The School Business Manager/ Bursar/ Finance Manager will post the expense claim to the relevant supplier code for that member of staff.

Each members of staff's supplier account will be set up with 7 days payment terms.

Payments

10.9 All salary payments are made by BACS.

10.10 The Finance Manager should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by the Trust CFO.

10.11 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.

10.12 The Trust Finance Manager should check the calculation of gross to net pay to ensure that the payroll system is operating correctly. All staff salary payments are reconciled to the budget allocated.

10.13 After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Trust Finance Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account. An annual statement of the payroll control accounts and cost centre amounts is part of the audit process. Payroll transactions are entered via a payroll journal onto Sage. Access to the system is password controlled.

11. Purchasing

11.1 The Trust wants to achieve the best value for money from all purchases. This means obtaining the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

- Regularity - dealing with income and expenditure in accordance with legislation, the funding agreement, the handbook, and the trust's internal procedures. This includes spending public money for the purposes intended by Parliament.
- Value for money - achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of resources, the avoidance of waste and extravagance, and prudent and economical administration.

- **Propriety - dealing with expenditure and receipts in accordance with Parliament's intentions and the principles of parliamentary control. This covers standards of conduct, behaviour and corporate governance.**

Routine Purchasing

- 11.2 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder in line with the Finance Timetable. When budget holders place an order they will be notified by the accounting system if the order will take them over their budget.
- 11.3 Routine purchases can be ordered by budget holders see Appendix B. In the first instance, a supplier should be chosen from the list of approved suppliers maintained in the accounting system. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Trust CFO.
- 11.4 All orders must be made, or confirmed, in writing using an official order form. Orders must bear the signature of the budget holder and must be forwarded to the Finance Office where the School Business Manager/ Bursar/ Finance Manager will check to ensure adequate budgetary provision exists before entering the order onto the accounting system.
- 11.5 Orders are entered on SAGE and allocated reference numbers.
- 11.6 The Finance Officer must make appropriate arrangements for the delivery of goods to the Academy. On receipt the Academy 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 immediately.
- 11.7 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office will keep a central record of all goods returned to suppliers.
- 11.8 All invoices once approved should be sent to the Finance Office in a timely manner.
- 11.9 The Finance Officer will then input the invoices onto Sage.
- 11.10 At the end of every week or more often if required, the Trust Finance Manager will review the invoices due for payment. BACS payments will be raised.
- 11.11 BACS payments will be authorised by either the CFO or CEO
- 11.12 At least three written quotations should be obtained for all orders see Appendix B for values to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and emailed confirmation of quotes has been received before a purchase decision is made.

11.13 All goods/services ordered with a value over a certain value see Appendix B, or for a series of contracts which in total exceed a value must be subject to formal tendering procedures. Competitive tendering can be considered below this figure, in the interests of best value. Purchases over (currently £181,302 for goods and services, and £4,551.413 for works) (correct as at 1 January 2018), may fall under EU procurement rules which require advertising in the Official Journal of the European Union.

11.14 When making any purchase consideration should be given as to whether better value could be obtained by procuring as a whole Trust as opposed to an individual academy.

Forms of Tenders

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

- a) Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Trust CFO how best to advertise for suppliers 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.

- b) Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - There is a need to maintain a balance between the contract value and administrative costs,
 - A large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy's requirements,
 - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

- c) Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - The above methods have resulted in either no or unacceptable tenders,
 - Only one or very few suppliers are available,
 - Extreme urgency exists,
 - Additional deliveries by the existing supplier are justified.

Preparation for Tender

11.16 Full consideration should be given to:

- Objective of project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract.

11.17 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

11.18 If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry. An invitation to tender should include the following:

- Introduction/background to the project;
- Scope and objectives of the project;
- Technical requirements; Implementation of the project;
- Terms and conditions of tender and Form of response.

Aspects to Consider

11.19 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

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

Tender Opening Procedures

- 11.21 All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as detailed in Appendix B
- 11.22 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 Evaluation Procedures

- 11.23 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.
- 11.24 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.
- 11.25 Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared for the AFR Committee highlighting the relevant issues and recommending a decision.
- 11.26 Where required by the conditions attached to a specific grant from the ESFA, the Department's approval must be obtained before the acceptance of a tender.
- 11.27 The accepted tender should be the one that is economically most advantageous to the Trust. All parties should then be informed of the decision.

12. Income

12.1 The main sources of income for the Academy are the grants from the ESFA. The receipt of these sums is monitored directly by the Trust CFO who is responsible for ensuring that all grants due to the Trust are collected.

12.2 The Trust also obtains income from:

- The Local Authority
- Local businesses
- Students, mainly for trips;
- The public, mainly for sports lettings; and
- Certain local charities
- Other parties

The School Business Manager/ Bursar/ Finance Manager are responsible for ensuring that the above amounts due to the Trust are collected.

General Lettings

12.3 For procedures concerning Lettings other than Sports Lettings see separate Policy.

Custody

12.4 Official, pre-numbered Academy 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 other week or more frequently if the sums collected exceed the insurance limit of £5,000.

12.5 Monies collected must be banked in their entirety in the appropriate bank account. The School Business Manager/ Finance Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

13. Cash Management

Bank Accounts

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

Deposits

13.2 **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

13.3 All cheques and other instruments authorising withdrawal from Trust bank accounts must bear the signatures of two authorised signatories.

13.4 This provision applies to all accounts, public or private, operated by or on behalf of the Board of Trustees.

Administration

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

- All bank accounts are reconciled to the Trust's cash book
- Reconciliations are prepared by the Trust Finance Manager
- Reconciliations are countersigned by the CFO
- Adjustments arising are dealt with promptly

Petty Cash Accounts

13.6 The Academies maintain a maximum cash balance of:

| | |
|--------------|--------|
| St Matthias | £1,000 |
| Notton House | £1,000 |
| KnowleDGE | £1,000 |
| Lansdown | £500 |
| ALP | £250 |

The cash is administered by the Finance Officer/Assistant and is kept in the Finance office safe. Personal cheques will not be cashed.

Petty Cash Payments and Withdrawals

13.7 In the interests of security, petty cash payments will be limited to £50. Petty cash can only be requested in advance of a purchase and must not be used for reimbursing expenses. Higher value payments should be made by cheque or BACS directly from the main bank account. All payments must be supported by VAT invoices/receipts and must be signed for by the recipient and approved by the approved person.

Petty Cash Administration

13.8 The Finance Officer is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the CFO to ensure that the cash balance reconciles to supporting documentation.

Physical Security

13.9 Petty cash should be held in a locking cash box which is put in the safe overnight.

Cash Flow Forecasts

13.10 The CFO is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

Investments

See Investments Policy.

14. Fixed Assets

Asset Register

14.1 All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered in an asset register. The Trust Finance Manager is responsible for updating the fixed asset register on a monthly basis.

The asset register should include the following information:

- Asset description
- Asset number and serial number
- Date of acquisition
- Asset cost
- Source of funding (% of original cost funded from ESFA grant and % funded from other sources)
- Expected useful economic life
- Depreciation Current book value
- Location

14.2 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 plan their replacement;
- Help the external auditors to draw conclusions on the annual accounts and the Trust's financial system and
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of assets

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

14.4 All the items in the register should be permanently and visibly marked as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board of Trustees. Inventories of Trust 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.

14.5 Once the register has been checked it should be signed and dated.

Disposals

14.6 Items that are to be disposed of by sale or destruction must be authorised for disposal by the Trust CFO and, where significant, should be sold following competitive tender. The academy must seek the approval of the ESFA in writing for disposal of land and buildings.

14.7 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

14.8 The Trust 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 Trust

must repay to the ESFA a proportion of the sale proceeds.

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

Loan of Assets

14.10 Items of Trust property must not be removed from Trust premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back into the Trust when it is returned.

14.11 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 of assets should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

15. Tax

15.1 The Trust is not registered for VAT purposes, as business activity is not expected to exceed £85,000 per annum.

15.2 VAT claims are made to the HMRC every month. Claims will be made only for invoices in the name of the Trust.

15.3 Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

16. Audit

16.1 Each year the members will appoint an external auditor.

16.2 Each year the AFR Committee will ensure that the requirements in the Academies Financial Handbook with respect to Internal Scrutiny are adhered to.

17. Insurances

17.1 The Trust reviews all risks annually to ensure the cover available and the sums insured are adequate. Insurance is mainly via the ESFA.

17.2 The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.

17.3 The Trust will not give any indemnity to a third party.

17.4 The Trust will immediately advise the insurers of any accident, loss of other incident which may give rise to an insurance claim. Academies should contact the CFO in the first instance.

18. Bad Debts

- 18.1 The procedures for debt recovery and for the write-off of any debt which is deemed irrecoverable will follow this guidance.
- 18.2 Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.
- 18.3 All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:
- 3 weeks from date of account - 1st reminder
 - 6 weeks from date of account - 2nd reminder
 - 8-10 weeks from date of account - Final reminder

The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days. After 10 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.

- 18.4 If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:
- The CFO on behalf of the Trust must provide 30 days' notice to the Secretary of State for Education of its intention to write off any debts owed to it as set out in Section 83 of Trust's Funding Agreement. This notice is required whether or not the circumstances require the Secretary of State for Education's approval (see below).
 - Those debts below the value set out in the Annual Letter of Funding can then be approved and written off by the AFR Committee and reported to the next meeting of the Board of Trustees.
 - Any proposed write off of debts above the value set out in the Annual Letter of Funding require the prior written consent of the Secretary of State for Education in accordance with section 82 of Academy's Funding Agreement.
- 18.5 To ensure sound internal control, staff that raise invoices, will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.

Appendix A

| Activity | Value | Authorisation or reporting |
|--|---|---|
| Writing off debts and losses | £45,000 per transaction or 2.5% of total annual income in any one financial year per category Above these limits | Learn@ MAT Board Secretary of State via ESFA |
| Entering into guarantees, indemnities or letters of comfort | £45,000 per transaction or 2.5% of total annual income in any one financial year per category Above these limits | Learn@ MAT Board Secretary of State VIA EFA |
| Staff Severance see 3.3 Financial Handbook | Up to £50,000 Over £50,000 | CEO HM Treasury via ESFA |
| Freehold sales or purchase | All | Secretary of State via ESFA |
| Granting any leasehold or tenancy agreement | All | Secretary of State via ESFA |
| Taking up any leasehold or tenancy agreement for more than 7 years | All | Secretary of State via ESFA |
| Novel and contentious transactions see 3.2 Financial Handbook | All | ESFA |
| Borrowing | All | Secretary of State via ESFA |
| Finance lease | All as it involves borrowing | Secretary of State via ESFA |
| Operating Lease | | CEO |
| Managing a surplus | Substantial | CEO - a clear plan must be in place |
| Fraud or Irregularity | All cases Over £5,000 to be reported | CEO ESFA |

Appendix B

The Authority levels noted below refer to the authorisation of the whole value of an order for purchases or a contract for the life of the contract i.e. that if a contract is for 2 years that we consider the value of the contract over the whole period.

| Activity | Value | Authorisation or reporting |
|---|---------------------|------------------------------------|
| Authority to purchase goods or services | £0 to £10,000 | Requisitioner and Headteacher/ CFO |
| Authority to purchase goods or services | £10,000 to £50,000 | Headteacher/ CEO and Trust CFO |
| Authority to purchase goods or services | £50,000 to £100,000 | CFO and AFR Committee |
| Authority to purchase goods or services | Over £100,000 | Board of Trustees |

| | | |
|----------------------|--------------------|---------------------------|
| Method of purchasing | Up to £4,999 | Obtain best value |
| Method of purchasing | £5,000 to £100,000 | Three quotes are required |
| Method of purchasing | Over £100,000 | Tendering |

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| Opening of tenders and contracts | £100,000 and over | CFO and AFR Committee |
|----------------------------------|-------------------|-----------------------|

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|---------------|-------------------|-------------|--|
| Author | Rebecca Watkin | Date | |
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| Review Date | 18 December 2019 | Status | Statutory |
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