

## DUDLEY ACADEMIESTRUST

### Financial Regulations

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Associated documentation	
Academies Financial Handbook	<a href="#">June 2018</a>
Academies Accounts Direction	<a href="#">May 2018</a>

This document sets out the regulations for Dudley Academies Trust



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## **Terminology**

### **Board of Trustees or Governing Body**

The Board of Trustees other body ultimately responsible for the affairs of the Trust.

### **Business and Audit Committee**

A committee independent of executive responsibility, which advises the Board of Trustees on issues related to internal audit, external audit and financial control. It is required to issue an annual report to the Board of Trustees which, inter alia, comments on the Trust's system of internal control.

### **Chief Executive Officer (CEO)**

The person with the ultimate executive responsibility for the management of the Trust, and often termed the 'Accounting Officer'.

### **College**

Refers to Dudley College of Technology, the sponsor of Dudley Academies Trust

### **Financial Planning and Analysis Manager**

The most senior operational finance member of staff for the Trust to whom responsibility for the Trust's detailed financial procedures is delegated.

### **Funding Bodies**

This refers to the Department for Education (DfE), and the Education & Skills Funding Agency (ESFA), which provide funding for schools and academies.

### **Trust**

Refers to Dudley Academies Trust (DAT)

**VAT** All financial value referred to in this document are inclusive of VAT.

### **Chief Officer Finance & Resources**

The chief financial officer of the college. He or she has strategic financial responsibility for the Trust.

### **Financial Planning & Analysis Manager**

The most senior operational finance member of staff for the Trust to whom responsibility for the Trust's detailed financial procedures is regulated.

### **VAT**

All financial value referred to in this document are inclusive of VAT.

## **Introduction**

The purpose of this manual is to ensure that the Trust maintains and develops systems of financial control, which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the

requirements of our funding agreement with the Secretary of State for Education, through the Education & Skills Funding Agency (ESFA).

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook. These regulations expand on that and provide detailed information on the Trust's accounting procedures and systems. Compliance with these financial regulations is compulsory for all staff and Trustees. Any member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Trust's disciplinary policy. It is the responsibility of managers to ensure that their staff are made aware of the existence and content of the Trust's financial regulations.

This manual serves as an adjunct to the scheme of delegation providing information on the day-today operations and practicalities forming from this financial regulation manual.

## **Corporate Governance**

### **The Board of Trustees**

The Board of Trustees is responsible for the management and administration of the Trust. Its financial responsibilities are to:

- Ensure the solvency of the Trust and the safeguarding of the Trust's assets.
- Appoint, grade, suspend, dismiss and determine the pay and conditions of service of the CEO and other senior post-holders.
- Set a framework for pay and conditions of service of all other staff.
- Ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the Trust are appropriate and sufficient to safeguard public funds.
- Approve the appointment of external auditors and an internal audit service.
- Secure the efficient, economical and effective management of all the Trust's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the Trust is not put at risk.
- Ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution.
- Plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure.
- Approve an annual budget before the start of each financial year.
- Ensure that the Trust complies with audit guidance as specified in the Academies Financial Handbook.
- Approve the Trust's strategic plan.
- Approve the annual financial statements.

### **Accounting Officer**

The CEO is the trust Accounting Officer and has a personal responsibility to Parliament and to the ESFA's accounting officer for financial matters under the Trust's control.

The appointment of an Accounting Officer does not remove the responsibility of Trustees for the proper conduct and financial operation of the Trust.

The Accounting Officer as with all senior members of Trust staff must adhere to the 'seven principles of public life'.

The Accounting Officer must take personal responsibility (which must not be delegated) for assuring the Trust Board that there is compliance with the funding agreement and handbook.

## Committee Structure

The Board of Trustees has ultimate responsibility for the Trust's finances, but delegates specific powers and process to the Business and Audit Committee. This committee is accountable to the Board of Trustees.

## Business and Audit Committee

Under the Companies Act 2006, academy trusts are required to appoint an auditor to certify whether their accounts present a true and fair view of the trust's financial performance and position.

The Business and Audit Committee should advise the Board of Trustees on the adequacy and effectiveness of the Trust's assurance framework. In addition, the Business and Audit Committee advises and supports the Board of Trustees in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory regularity responsibilities.

The committee is independent, advisory and reports to the Board of Trustees. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

## Financial Planning

The Trust prepares rolling 3 year budgets

### The budget cycle

The budget cycle is as follows:

#### Autumn term (Sept – Dec)

- Implementation of current budget plan
- Monitoring expenditure (continuous-monthly)
- Reconciliation and closure of previous financial year

#### Spring term (Jan – Mar)

- Monitoring and Reviewing of year's budget
- Revised Budget where appropriate
- Pre-planning new financial year

#### Summer term (Apr – Aug)

- Planning for forthcoming year
- Preparation and submission of financial budget plan

- Review of current year’s budget

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

## Budget

The Financial Planning & Analysis Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Chief Officer Finance & Resources, CEO, Business & Audit Committee and the Board of Trustees.

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 strategic plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of General Annual Grant (GAG)
- latest estimate of other ESFA funding e.g. pupil premium, Yr7 Catch-Up or other specific funds
- review of other income sources available to the academy to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the Trust’s costs
- identification of potential efficiency savings
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
- all carry forward balances
- any unspent grants from the previous financial year
- any funds held in Trust

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 savings can be made. This may entail prioritising tasks and deferring projects until more funding is available.

Plans and budgets will need to be revised until income and expenditure are in balance – unless previously agreed as a short-term measure by the Board of Trustees. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the strategic plan.

If there is a significant (over 10%) departure from the anticipated budget this will be escalated to the Business & Audit Committee as part of the monthly management accounts procedure.

The approved budget is then entered onto the finance system at the start of the new financial year.

### **Other Government Funding**

In addition to GAG funding from ESFA the Trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding etc. This funding may be from the Department for Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.

The Financial Planning & Analysis Manager is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

### **Other Grants and specific funding**

In addition to the GAG funding from the ESFA the academy/MAT and other government funding, the academy/MAT may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the Trustees. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.

The Financial Planning & Analysis Manager is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

### **Funds held in Trust**

Where funds are held in trust the Financial Planning & Analysis Manager is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

### **Virements**

Substantial virements shall be approved and minuted by the Business & Audit Committee and should be within the agreed criteria and financial limits.

The Financial Planning & Analysis Manager is given delegated power to vire from one budget to another and shall seek approval from the Business & Audit Committee and retrospectively where the amount exceeds £50,000.

All virements exceeding £50,000 shall require prior approval from the Business & Audit Committee.

### **Revised Budget**

Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Financial Planning & Analysis Manager and reports in the form of the Management Accounts presented to the Board of Trustees. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by

the Business & Audit Committee and/or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Board of Trustees. This revised forecast should then form the basis of analysis of all income and expenditure until the financial year end. In reality, it is likely that at least two revised forecasts will be produced each year around January and April in order to tidy up minor in-year variances.

### **Budget Forecast Return**

The approved budget must be submitted to ESFA each year by the Financial Planning & Analysis Manager in accordance with the ESFA's requirements and timescales. The Financial Planning & Analysis Manager is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

### **Monitoring and review (including management accounts)**

Monthly reports are to be prepared by the Financial Planning & Analysis Manager the reports are to include:

- actual income and expenditure against budget
- balance sheet
- cash flow forecast
- one page summary highlighting and explaining variances of at least 5% or £10,000 (whichever is smaller)
- A more detailed narrative outlining key points within the financial statements

Any potential overspend against the budget must in the first instance be discussed between the Financial Planning & Analysis Manager and his/her line manager.

## **Independent checking procedures**

### **Review of regularity**

The CEO (in their role as Accounting Officer) reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:

- Management accounts
- Compliance against the scheme of delegation
- Transactions for evidence of connected party transactions

The Accounting Officer has delegated the following responsibilities to Financial Planning & Analysis Manager:

- adherence to tendering policies
- review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook
- value for money practice

## **Annual accounts**

The academy trust must prepare annual audited financial statements for the accounting period to 31 August.

The accounts are prepared in house by the Financial Planning & Analysis Manager, prior to being audited by the Trust's external auditors.

Following approval of the annual accounts by the Board of Trustees and external auditors, the accounts are then to be submitted to the relevant bodies and made available to the public in accordance to funding body and company laws regulations in place at that time.

## **Audit arrangements**

### **External Audit**

External auditors must be appointed in accordance with the Academies Financial Handbook. The appointment of external auditors for the Main Trust financial statements will take place annually and is the responsibility of the Board of Trustees who will be advised by the Business and Audit Committee.

The primary role of this external audit is to report on the Trust's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

Their duties will be in accordance with advice set out in the Academies Financial Handbook.

### **Internal Audit**

To help provide the Business and Audit Committee with the evidence of the adequacy and effectiveness of the Trust's assurance framework, the Trust uses the services of an independent internal audit service provider (the "internal auditor").

The internal auditor is appointed by the Board of Trustees on the recommendation of the Business and Audit Committee.

The main responsibility of internal audit is to provide the Board of Trustees, the CEO and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Board of Trustees, CEO and chair of the Business and Audit Committee.

The Financial Planning & Analysis Manager is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

### **Work undertaken during accounting period**

The Financial Planning & Analysis Manager is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:

- reviewing the structure of the trial balance
- maintaining a fixed asset register
- monthly depreciation charges
- maintaining income and expenditure records (including filing of invoices)
- reviewing aged debtors for any provisions required
- maintaining a record of governors/trustees interests, related and connected party transactions

- control account reconciliations (bank, wages, debtors, creditors)
- maintaining a record of meeting attendance
- Monitoring & reporting to the Accounting Officer and Board of Trustees

## Work undertaken for the year end

The Financial Planning & Analysis Manager is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- stock take and including of year end stock value
- general prepayments and accruals
- prepayments or accruals for grant income
- control account reconciliations (bank, wages, debtors, creditors)
- close down of the purchase ledgers
- close down of the sales ledgers and aged debtors
- pension valuations
- pension audit

## Fraud and Corruption

It is the duty of all members of staff, management and the governing body to notify the Chief Officer Finance & Resources immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

He or she will notify the CEO and the Business and Audit Committee (through its chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report.

Any significant cases of fraud or irregularity shall be reported to the funding body in accordance with their requirements as set out in the Academies Financial Handbook.

The Business and Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate.

The internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Business and Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Chief Officer Finance & Resources and/or the CEO, the member of staff shall notify the chair of the Business and Audit Committee direct of their concerns regarding irregularities and/or the Chair of the Board of Trustees.

## Treasury Management

### Treasury Management Policy

Academy trusts are not allowed to enter into any borrowing arrangements unless authorised by the Secretary of State in advance.

The Board of Trustees is responsible for approving a treasury management policy statement, setting out a strategy and policies for cash management to further the Trust's charitable aims.

The policy must ensure that investment risk is properly managed, ensuring care and risk in investment decisions – taking advice as appropriate from a professional adviser.

The Board of Trustees must review the Trust's investments and investment policy regularly.

The Trust Board should follow the Charity Commission's guidance: CCI4 Charities and investment matters: A guide for trustees.

### **Appointment of Bankers and Other Professional Advisers**

The Trust Board is responsible for the appointment of the Trust's bankers and other professional financial advisers (such as investment managers). The appointment shall be for a specified period of time after which consideration shall be given by the Board of Trustees to competitively tendering the service.

### **Banking Arrangements**

The Chief Officer Finance and Resources is responsible, on behalf of the Board of Trustees, for liaising with the Trust's bankers in relation to Trust bank accounts.

Only the Chief Officer Finance and Resources together with other appointed signatories as agreed by the Board of Trustees may open or close a bank account for dealing with the Trust's funds. All bank accounts shall be in the name of the Trust or one of its subsidiaries.

### **Accounts Return**

The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA in accordance with the timescales in place each year.

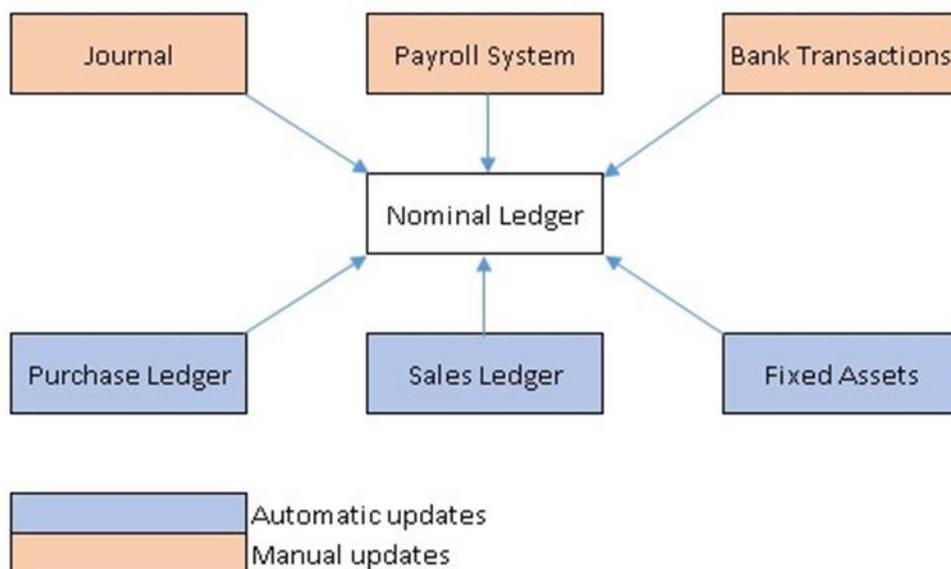
The accounts return is prepared in house by Financial Planning & Analysis Manager in liaison with the external auditors as required.

### **Document retention**

Documents are retained by the Trust in line with the requirements of the General Data Protection Regulations (GDPR) and have a Privacy Statement which sets this out in more detail.

## Accounting system

All the financial transactions of the academy trust must be recorded into Agresso the computerised financial information accounting system. This system is operated by the College Finance Department and consists of:



## System Access

Access to the system is password restricted to and access controlled by the College Head of Finance.

The College IT Manager is responsible for implementing a system which ensures that passwords are changed regularly

## Back-up Procedures

The College IT Manager is responsible for ensuring that there are effective back up procedures for the system. Data is currently backed up daily by the system cloud host Quick Think Cloud.

## Transaction processing

- All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
- All journal entries are documented on the school's journal forms, all journals should be approved by the School Business Manager prior to being input into the finance system. Any journal in excess of £10,000 must be approved by the Head Teacher or Financial Planning & Analysis Manager.
- Bank transactions are input by the College finance team and reconciled to bank statements each month. This reconciliation is reviewed and approved by the Financial Planning & Analysis Manager.

## Reconciliations

The Financial Planning & Analysis Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account
- purchase ledger control account
- payroll control account
- VAT control account
- all suspense accounts
- bank balance per the nominal ledger to the bank statement

The College Head of Finance or College Financial Services Manager signs all reconciliations as evidence of review.

Any unusual or long outstanding reconciling items are brought to the attention of the College Head of Finance and dealt with according to the bad debt limits in this manual.

## Cash Management

### Bank Accounts

The following procedures must be followed when opening a bank account and operating it:

- the Trust is responsible for selecting the banking institution and negotiating the terms and conditions
- the Board of Trustees must authorise the opening of all bank accounts
- the DAT will ensure that in the event of changes to key personnel or governors/trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
- terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
- the trust must inform the bank, in writing, that their accounts must not become overdrawn
- the trust must ensure there are sufficient funds to cover large payments

### Deposits

A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:

- the amount of the deposit
- a reference (for example the number of the receipt or the name of the debtor)

The School Business Managers are responsible for updating the accounting system (within 2 working days) for deposits placed.

## Payments and withdrawals

All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures as below:

Panel A	Chair of Board of Trustees
	CEO
	Chief Officer - Finance & Resources
Panel B	Head of Finance
	Financial Services Manager
	Financial Planning & Analysis Manager
Up to and including £10,000	Any two signatories from A or B
£10,001 up to and including £100,000	Anyone from A plus anyone from B or any two from A
Over £100,00	Two signatories from A

This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy including funds held in trust.

## Administration

The College finance team 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 Finance Department
- reconciliations are subject to an independent monthly review carried out by the Financial Planning & Analysis Manager or in his/her absence the College Head of Finance or College Financial Services Manager
- adjustments arising are dealt with promptly

## Petty Cash

The academy trust maintains a maximum cash balance of up to £500 per academy for the purchase of minor items, which is held in the relevant school finance offices safe and is the responsibility of School Business Manager.

The petty cash float must not be used for:

- cashing personal cheques
- paying staff loans

## Payments

In the interests of security, petty cash payments are limited to £50. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation procedures as purchases from the main bank account.

## Administration

- The petty cash float is maintained on the imprest system and the float is only reimbursed from the main bank account.
- The petty cash float is reconciled monthly by the School Business Manager. The reconciliation is reviewed termly by Financial Planning & Analysis Manager and signed as evidence of review.
- The Financial Planning & Analysis Manager carries out a spot check of the petty cash float once a term.

## E-procurement & Payments

- The school credit cards are used only when it is not practical to use the purchase order system. It is used mostly for internet purchases.
- The cards should be kept in the safe or on the holder's person and should be kept separately from the PIN number.
- Any department wishing to make a purchase on credit card must complete an order form and pass this to the card holder or School Business Manager to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder and any other signatories as required by this document.
- Occasionally the credit card is used to purchase small items or to fund Petty Cash, where it is not possible to order this elsewhere. This must be recorded and countersigned by the School Business Manager.
- A monthly credit card expenditure log should be kept, with purchases detailed on the log as they are made.
- When the credit card bill arrives there will be a signed order form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A cash book journal is keyed for each entry on the statement.
- The credit card bill, along with all the relevant order forms are then given to the Head Teacher who will check the statement and sign an authorisation sheet. The School Business Manager will then check a sample of the transactions (minimum of 3 or 20% whichever is the greater), and sign the authorisation sheet. These are then

filed away together in the credit card folder, until the end of the financial year, when they will then be transferred to the finance storage box for that year.

## **BACS Payments**

On receipt of an invoice, the requisitioner and School Business Manager digitally approve the invoice, to signify:

- an official purchase order has been raised for the purchase
- the delivery note has been checked
- the delivery is of correct quantity, quality and price
- it has not been previously paid
- funds are available in the relevant budget
- VAT chargeability on qualifying expenditure is shown

BACS payments are processed within 30 days of receipt, although every effort is made to ensure the school benefits from early payment discounts and complies with the Public Sector Prompt Payment Policy.

The school finance teams ensure that evidence is kept of the employment status when dealing with payments to individuals in order to comply with IR35 regulations. The finance team should work with the College HR team to ensure that regulations are correctly followed.

## **Investments**

- Investments are made in accordance with written procedures approved by the Board of Trustees.
- All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.
- Care should be taken to ensure that investments do not cause any cash flow issues for the Trust.

## **Reserves**

- Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
- The CEO as Accounting Officer must inform ESFA immediately if an overall deficit is anticipated.
- If the academy trust is anticipating an overall deficit at the end of any financial year, the Board of Trustees, CEO and Financial Planning & Analysis Manager have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Board of Trustees must ensure that a recovery plan is submitted and approved by the ESFA.

## Capital Reserves

- Any overall surpluses at the end of the year are carried over to the following year.
- It is the responsibility of Financial Planning & Analysis Manager to keep accurate records of the capital funds, especially where grants have been received for capital projects.

## Payroll

### Staff Appointments

- The Board of Trustees has approved a personnel establishment for the academy trust based on the approved budget three year plan submitted to the ESFA.
- The CEO has authority to appoint staff within the authorised establishment subject to the Trust's Scheme of Delegation governing senior staff appointments. The College HR department maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Head of Human Resources immediately.
- The College HR department is responsible for obtaining the relevant DBS checks and ensuring these are retained on file.

### Payroll Administration

Payroll is administered through the College's payroll department.

All staff are paid monthly through the payroll provider. A master file is created for each employee which records:

- salary
- bank account details
- taxation status
- personal details
- any deductions or allowances payable
- other legal and relevant details

New master files can only be created by the HR/Payroll department with the express approval of The Head of HR. Any master file amendments made by the HR/Payroll department must be printed out each month prior to the payroll run and must be authorised by Head of HR. Any master file amendments made by Head of HR must be authorised by the Chief Office – Finance & Resources.

Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the budget holder, prepared by the HR/Payroll department and signed off by the Head of HR. Additional hours, temporary work or overtime should not be undertaken without prior approval of the Head of HR.

The usual cut-off for the receipt of timesheets etc is subject to the actual payroll date which changes on a monthly basis, but at the latest is the 10<sup>th</sup> of the month.

## Payments

- Before payments are dispatched a printout of all data should be obtained, including an exceptions report and this should be checked against source documentation by the HR/Payroll department and then reviewed and signed by the School Headteacher or School Business Manager. Authority to release payment will be by The Chief Officer – Finance & Resources.
- All salary payments are made by BACS.
- The HR/Payroll department 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 is reviewed and signed by the Head of HR.
- The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and cheques for these amounts are prepared by the Finance Department and authorised for payment by the Chief Officer – Finance & Resources, Head of Finance or Financial Services Manager as appropriate.
- The Head of HR selects at least three employees at random each month and checks the calculation of gross to net pay to ensure that the payroll system is operating correctly. The check is recorded and available for checking by the Financial Planning & Analysis Manager and reviewed by the Accounting Officer.
- After the payroll has been processed the payroll files are sent to Finance who manually post them into the finance system. Postings will be made both to the payroll control account and to individual cost centres. The Finance Department 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.
- Annually, the college finance department checks each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the HR office.

## Salary advances

Salary advances are only awarded where there has been an issue or error by the HR/Payroll department. Salary advances are not awarded by the Trust for any other reason.

## Overtime

Overtime is recorded by the individual and submitted by the first Friday of the following month to the HR/Payroll department for authorisation.

Claims made through the online system must not be submitted prior to work having been undertaken.

No payments for work undertaken will be made other than via the payroll system.

## Severance payments

The academy trust is able to self-approve the non-contractual element of severance payments up to £50,000, but remain subject to the special payments conditions contained in

the Academies Financial Handbook and any changes therein. All severance payments must be made in line with the Academies Financial Handbook.

Where the non-contractual element is on or over £50,000 prior approval from ESFA must be sought.

The Accounting Officer must sign off each severance payment.

## **Income**

### **ESFA grants**

The main sources of income for the academy are the grants from the ESFA. The receipt of these sums is monitored directly by Financial Planning & Analysis Manager who is responsible for ensuring that all grants due to the academy are collected.

### **Other grants**

The receipt of these sums is monitored directly by Financial Planning & Analysis Manager who is responsible for ensuring that all grants due to the academy are collected.

### **Trips**

- A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Department of each school.
- Students should make payments to the Finance Department. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.
- The Finance Department should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.
- Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Head Teacher in advance of the booking being made.

### **Catering**

#### ***If cash payments***

Cash payments must be reconciled on a daily basis by the school finance team to the lunch records and signed as evidence of reconciliation. The school meal numbers and cash totals are then to be entered onto the weekly banking sheet. The cash is kept in the safe prior to at least weekly collections for banking. The school finance team must reconcile the weekly banking sheet to actual receipts banked.

### ***If electronic cash collection***

The fortnightly bank credits are reconciled to the Agresso reports in the first instance. Monthly checks are undertaken by School Business Manager and cross referenced to a sample of individual pupils.

### **Lettings**

- The School Business Manager is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
- Details of organisations using the sports facilities will be held by the Finance Department who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.
- Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually.

### **Sundry income**

Income from other sources (for example educational consultancy) is priced in consultation with

Financial Planning & Analysis Manager. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay in accordance with the agreed Consultants Policy. The Financial Planning & Analysis Manager approves all credit agreements.

### **Gift aid**

To ensure the academy trust, in its position as an exempt charity, receives all the monies it is entitled to School Business Manager:

- reconciles against records to confirm expected amounts have been received by the donor
- ensures the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made

### **Bad debts**

The Trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone, email or letter.

If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Financial Planning & Analysis Manager submits a report to the College Head of Finance for approval of write off.

The following write off limits apply:

- Up to £150 – College Head of Finance
- £151 to £500 – Chief Officer – Finance & Resources
- Over £500 – Board of Trustees

## General

- All monies received from whatever source must be recorded on a daily basis together with the form in which they were received, for example cash or cheque.
- All monies received must be banked promptly, ideally daily. The custody and transit of all monies
- must comply with the requirements of the Trust's insurers
- All sums must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenditure. Personal or other cheques must not be cashed out of the money received on behalf of the Trust.

## Purchasing

The academy trust must achieve value for money on all purchases. A large proportion of our purchases are paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy
- Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs
- Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis

## Routine Purchasing

- Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month (from completion of the 2<sup>nd</sup> month of the academic year). Budget holders will be able to monitor data relating to their own budget areas on a monthly basis via reports from the online financial information system.
- Routine purchases up to £1,000 can be ordered by budget holders. A quote or price must always be obtained before any order is placed. Copies of all quotes must be attached to the requisition.
- When looking at procurement values contract aggregation over 4 years should be used. This means the estimated value of the contract over a 4 year period is the value that decisions should be based on.

## E-procurement

Any department wishing to make a purchase on credit card must complete an official order form in the usual manner and pass this to the School Business Manager to approve before the purchase can be made. All order forms detailing the purchase must be signed by the Budget Holder.

Occasionally the credit card is used to purchase small items or to fund Petty Cash, where it is not possible to order this elsewhere. This must be recorded and countersigned by the School Business Manager.

## Orders

All orders must be made online using the finance system. Orders must be electronically approved in line with the below table. The system will automatically check to see if there is sufficient budget available, and orders should be queried with the School Business Manager where this is not the case.

Revenue Expenditure	
Value	Approval Required
<£1,000	Budget Holder School Finance Staff School Business Manager
£1,000 - £4,999	VFM Budget Holder School Finance Staff School Business Manager Financial Planning & Analysis Manager
£5,000 - £9,999	VFM Budget Holder School Finance Staff School Business Manager Head Teacher Financial Planning & Analysis Manager
£10,000>	VFM Budget Holder School Finance Staff School Business Manager Head Teacher DAT CEO Financial Planning & Analysis Manager
Capital Expenditure	
Value	Approval Required
All values	Chief Officer - Finance & Resources DAT CEO Financial Planning & Analysis Manager

- Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier via email once final approval is made.
- The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the requisitioner must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any

discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay. If there is a material discrepancy, the goods should be rejected where practical to do so.

- If any goods are rejected or returned to the supplier because they are not as ordered or are of substandard quality, the School Finance Department should be notified. The School Finance Department will keep a central record of all goods returned to suppliers.
- All invoices should be sent to Dudley College Finance Department, ideally by email. Invoices will be processed by the finance department and sent through the finance system to requisitioners and School Business Managers for approval.
- The recipient must make a detailed check against the order and the GRN and where possible, the GRN should be attached. Recipients must undertake these checks without undue delay and in any case within 3 days of invoice receipt.
- If a budget holder/requisitioner is pursuing a query with a supplier the College Finance Department must be informed of the query and periodically kept up to date with progress.
- Payments runs are carried out each week by the College Finance Department, and all invoices that have been approved and are due for payment based on their due date will be included on the payment run.
- The payment run will be entered by members of the finance team, approved by: the College Head of Finance, Financial Planning & Analysis Manager, College Financial Services Manager or Chief Officer – Finance & Resources in line with the scheme of delegation.
- Bank details are approved by two members of the College finance team and are independently checked prior to their approval.

### **Orders over £1,000 but less than £50,000**

At least three written quotations should be obtained for all orders between £1,001 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes, as well as being attached to the electronic requisition. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.

### **Orders over £50,000**

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures.

### **Orders over £100,000**

The award of contracts over £100,000 must be reported to the Board of Trustees.

### **Official Journal of the European Union**

Purchases over £181,302 for goods and service and £4,551,413 for works are to be dealt with in accordance with OJEU regulations. Again, aggregation of contract value should be used.

## Trading with related parties

- The Trust must be and must be seen to be even-handed in its relationship with related parties as set out in the Academies Financial Handbook. Trustees must comply with their statutory duties and stakeholders (including senior staff) must complete the register of interests.
- The Board of Trustees are responsible for ensuring that the requirements for managing related party transactions are applied across the Trust and that the Chair of the Board and Accounting Officer ensure that their capacity to control and influence does not conflict with these requirements.
- The Senior Officer – Corporate Governance, along with the Chief Officer Finance & Resources, are responsible for ensuring that the Trust keeps sufficient records and makes sufficient disclosures in the annual accounts to show that transactions with related parties have been conducted in accordance with the principles set out in the Academies Financial Handbook.
- From 1 April 2019 the Trust must obtain prior ESFA approval for contracts for the supply of goods and services to the Trust by a related party where there is expectation that the contract value will exceed £20,000 in any one year.

## Register of Interests

- All members, trustees, local governors and senior employees must complete the register of interests.
- The register of interests must capture relevant business and pecuniary interests of members, trustees, local governors and senior employees including: directorships, partnerships and employments; trusteeships and governorships at other establishments; and for each interest the name of the business, the nature of the business, the nature of the interest and the date the interest began.
- It is the responsibility of the Board of Trustees, through the Senior Officer – Corporate Governance to keep the register of interests up to date.

## At Cost Requirements

- Any contract with a related party exceeding £2,500 should be 'at cost'. This does not include contracts of employment, though the principles of securing value for money still apply.
- For the purposes of cost, this should be the full cost of supplying the goods or services but must not include any profit.
- Full cost includes: all direct costs (the costs of any materials and labour used directly in producing the goods or services); indirect costs (a proportionate and reasonable share of fixed and variable overheads).

## Goods and services for private use

No goods are ordered or services provided to include any elements of private use by governors and staff.

## Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The School Business Manager or Financial Planning & Analysis Manager must discuss and agree with the College Head of Finance 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.
- **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 Trust's requirements,
  - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **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.

All tenders over the OJEU threshold must be advertised and administered using an electronic tendering system.

## Preparation for Tender

Full consideration should be given to:

- objective 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.

A tender brief must always be prepared and is reviewed by the College Head of Finance.

## Invitation to Tender

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

An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response
- dates for decision and work to be delivered

### **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document is received by the Trust. Tenders are 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. It should not be possible to identify the tendering company from the outside of the envelope. Tenders received after the submission deadline are not accepted.

### **Tender Opening Procedures**

- All tenders submitted should be opened at the same time and the tender details should be recorded. Three people should be present for the opening of tenders with one of those people should be independent - somebody that will play no further part in the tender process or delivery of the contract.
- A separate record details the names of the companies submitting tenders and the amount tendered. The record is signed and dated by all people present at the tender opening.
- The page containing the price of the tender should also be signed and dated by all present.

### **Tendering Procedures**

- The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential
- 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.
- Full records should be kept of all criteria used for evaluation and for contracts over £100,000 a report should be prepared for the Business & Audit Committee highlighting the relevant issues and recommending a decision. For contracts between £50,000 and £100,000 the decision and criteria should be reported to the Business and Audit Committee.
- The accepted tender should be the one that is economically most advantageous to the Trust (this is not necessarily the cheapest tender). All parties are then informed of the decision.

## Insurance

- The Financial Planning & Analysis Manager reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.
- We have opted in to the Department for Education’s Risk Protection Arrangements (RPA).
- Budget holders must ensure all valuables are kept under lock and key when not being used in a supervised manner.
- The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. In line with the RPA membership rules, items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

## Governors/Trustees Expenses

All governors/Trustees of this academy trust are entitled to claim the actual costs, which they incur as follows:

- the cost of travel relating only to travel to meetings/training courses at a rate of 40 pence per mile
- which does not exceed the specified rates for school personnel
- travel and subsistence costs, payable at the current rates specified by HMRC associated with attending national meetings or training events, unless these costs can be claimed from the any other source
- telephone charges, photocopying, stationery, postage etc
- any other justifiable allowances

The Board of Trustees acknowledges that:

- Governors/Trustees are not paid an attendance allowance
- Governors/Trustees are not reimbursed for loss of earnings

Governors/Trustees wishing to make claims under these arrangements, must complete a claims form from the Senior Officer – Corporate Governance together with the relevant receipts. The form must be submitted to the College Finance Department within two weeks of the date of when the costs were incurred, and should be submitted approved by the Chair of Board of Trustees or if relating to the Chair of Board of Trustees then by the Chair of the Business and Audit Committee.

Claims will be subject to independent audit and may be investigated by the Chair of Board of Trustees (or Chair of Business & Audit Committee in respect of the Chair of Board of Trustees) if they appear excessive or inconsistent.

## Gifts

Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 are reported to the Accounting Officer in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence

purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses.

Gifts that have been reported are entered onto the gifts and hospitality register which is maintained by the Senior Officer – Corporate Governance.

## Energy Management

- The School Business Managers are responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Meters should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual reading should be raised with the Financial Planning & Analysis Manager immediately.
- The School Business Manager ensures that the school's heating system is operated and run as efficiently as possible.
- The Financial Planning & Analysis Manager ensures that the school is purchasing energy at the most competitive prices available.
- All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

## Fraud

The trust does not tolerate fraud. Any potential or alleged instances of fraud should be reported immediately to the Chief Officer Finance & Resources, who will oversee an investigation into the allegations. Where instances of fraud are found the Chief Officer Finance & Resources will notify the ESFA.

## Whistleblowing

- Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- Normally, any concern about a workplace matter at the college should be raised with the relevant member of staff's immediate line Manager or head of department. However, the Trust recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- A member of staff may, therefore, make the disclosure to the Senior Officer – Corporate Governance. If the member of staff does not wish to raise the matter with this person. It may be raised with the chair of the Business and Audit Committee or, if that is not appropriate, the Chair of the Board of Trustees.
- The full procedure for whistleblowing is set out in the Trust's whistleblowing procedure, which is available through the College HR department.

## Leasing

- Finance leases represent borrowing and are not allowed unless prior approval is obtained from the ESFA.
- The Trust does not need to obtain ESFA approval to enter into operating leases, however the principles of value for money, regularity and propriety must be applied.

## VAT

### VAT 126 form

The Financial Planning & Analysis Manager is responsible for completing the [VAT 126](#) online claim each month ensuring compliance with HM Revenue and Customs rules. The claim should be verified by the College Head of Finance or College Financial Services Manager prior to processing.

## Fixed assets

The Trust must obtain approval from the ESFA before acquiring or disposing of any freehold land or buildings.

Any disposal must follow the principles of value for money, regularity and propriety.

### Asset register

All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered on the fixed asset register, which is part of the Agresso accounting software, with the following details:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location

The asset register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts
- support insurance claims in the event of fire, theft, vandalism or other disasters

Examples of items to include on the asset register include:

- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment – MFDs, shredders, switchboard
- Furniture
- AV equipment – TVs, video/DVD players, OHPs, cameras, speakers
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment
- Mini buses

### Security of assets

- All the items in the register are permanently and visibly marked as the Trust's property.
- Equipment is, where possible, stored securely when not in use.
- An annual count is undertaken by Financial Planning & Analysis Manager who is different from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the Board of Trustees.

### Disposals

- Disposals, where applicable, are in line with the Academies Financial Handbook.
- Items which are to be disposed of by sale or destruction must be authorised for disposal by the Chief Officer Finance & Resources and, where significant, should be sold following competitive tender. The academy must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

### Loan of Assets

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

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditor.