



ALL SAINTS
Multi Academy Trust

Financial Regulations

February 2018

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1. INTRODUCTION

101 The purpose of this manual is to ensure that the Trust maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education and Skills Funding Agency (ESFA).”).

102 The Trust must comply with the principles of financial control outlined in the Academies guidance published by the DfE. This manual expands on that and provides detailed information on the Trust’s accounting procedures and system manual should be read by all staff involved with financial systems.

2. ORGANISATION

Independent Review of Internal Controls

207 The Trust Board has decided that the independent review of internal controls will be conducted by the external auditor throughout the year. The external auditor is appointed by the Trust Board and provides governors with an independent oversight of the Trust’s financial affairs. The main duties of the external auditor are to provide the Trust Board with independent assurance that:

- the financial responsibilities of the Trust are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

208 The external auditor will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Finance and Business Committee. A report of the findings from each visit will be presented to the Audit Committee. The programme of testing to be completed by the external auditor will be agreed by the Audit Committee.

Other Staff

209 Other members of staff, primarily the Trust Head of Finance, the Finance Officer and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy’s financial procedures.

Register of Interests

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

211 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

212 The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by

the Governing Body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

3. ACCOUNTING SYSTEM

301 All the financial transactions of the Trust must be recorded on the Sage accounting system. The Sage system is operated by the Finance Department and consists of:

System Access

302 Entry to the Sage system is password restricted. The system is entirely web based therefore password maintenance is at a user level.

303 Access to the component parts of the SAGE system can also be restricted. The Director of Finance and Resources and Head of Finance are responsible for setting access levels for all members of staff using the system.

Back-up procedures

304 The SAGE finance system is backed up remotely by the software company's servers. Access to backups can be obtained if required.

305 Adequate data protection procedure are in place with SAGE servers hosted upon private networks.

306 The disaster recovery plan explains what to do in the event of loss of accounting facilities or financial data.

Transaction Processing

307 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. Journals are reviewed by the Head of Finance as part of the month end procedures. Bank transactions should be input by the Finance Officer and are also reviewed by the Head of Finance as part of the month end procedures.

308 Journals are authorised by the Head of Finance, by email if physical authorisation is not available.

309 Detailed information on the operation of the SAGE system can be found in the user manuals held in the Finance Office.

Transaction reports

310 The Head of Finance and Director of Finance and Resources will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- Monthly reconciliations;
- Transaction reports for a number of specific nominal codes;
- management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

311 The Finance Officer 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;
- all suspense accounts and

- bank balance per the nominal ledger to the bank statement.

312 Any unusual or long outstanding reconciling items must be brought to the attention of the Head of Finance. Either the Head of Finance or the Director of Finance and Resources will review and sign all reconciliations as evidence of their review.

4. FINANCIAL PLANNING

401 The Trust prepares both medium term and short-term financial plans.

402 The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

403 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each academy within the trust and the planned use of those resources for the following year.

404 The development planning process and the budgetary process are described in more detail below.

Annual Budget

405 The Director of Finance and Resources is responsible for preparing and obtaining approval for the annual budget of each academy within the Trust. The budget is reviewed and approved by both the Local Governing Bodies and the Trust board.

406 The approved budget must be submitted to the DfE by 31st July each year and the Director of Finance and Resources is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

407 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.

408 The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
- 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 and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

409 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

410 Once the different options and scenarios have been considered, a draft budget should be prepared by the Director of Finance and Resources for approval by Trust Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

411 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.

412 Any significant changes to the budget are approved by the board and minuted.

Monitoring and Review

413 Monthly reports will be prepared by the Head of Finance and reviewed by the Director of Finance and Resources. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Finance & Business Committee.

414 Any potential overspend against the budget must in the first instance be discussed with the Director of Finance and Resources. The accounting system will not allow orders to be placed against an overspent budget without the approval of the Director of Finance and Resources or the Head of Finance.

415 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency.

416 Any virements are made with the authorisation of the Trust Director of Finance and Resources and the budget holders in question.

Annual accounts

417 The academy trust must prepare annual audited financial statements for the accounting period to 31 August. The accounts are prepared in house by the Head of Finance. The accounts are then submitted as follows:

- By 31 December – to ESFA
- By 31 January – Published on our own website
- By 31 May – to Companies House

Document retention

418 Documents are retained for the following amount of time:

- Finance records – current year plus preceding 6 years
- Supply cover insurance – current year plus preceding 6 years
- Payroll and travel records – current year plus preceding 6 years
- Personnel records – 5 years after and employee has left
- All student files until the student reaches the age of 21

5. PAYROLL

501 The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

Staff Appointments

502 The Governing Body has approved a staffing structure for each academy within the Trust. Changes can only be made to these structures with the express approval in the first instance of the Finance & Business Committee who must ensure that adequate budgetary provision exists for any establishment changes.

503 The Executive Head, Heads of School and the Director of Finance and Resources have authority to appoint staff within the authorised structure except for senior management posts whose appointments shall follow consultation with the Trust. The Director of Finance and Resources maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Director of Finance and Resources immediately.

Payroll Administration

504 The Trust's payroll is provided by external payroll bureaus, and are administered by each Academies HR and Payroll Officer

505 All staff are paid monthly through either their academies respective payroll bureau. A master file is created for each employee which records:

- salary;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable.

506 Changes to these master files must be approved by the Director of Finance and Resources. These changes are reviewed as part of the monthly payroll review procedures.

507 Each member of staff is responsible for passing any complete overtime forms to the HR and Payroll Officer for processing through the payroll. Absence records are maintained by the HR and Payroll Officer and the HR and Payroll Officer is responsible for notifying EPM of these absences to ensure that the payroll is updated appropriately.

508 By the 6th of each month the HR and Payroll Officer will prepare and distribute a timetable for payroll processing specifying key dates for the month in question. Data input to the payroll system should be undertaken by the Administrations Manager in accordance with the timetable. Before the payroll is processed a print of all data input should be obtained and this should be checked against source documentation by the Administrations Manager and then reviewed and initialled by the Director of Finance and Resources.

509 All severance payments must be authorised by the Director of Finance and Resources who will communicate details to HR and the Head of Finance.

Payments

510 After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total should be obtained from the system. The print will be compared to the same print from the prior month by the HR and Payroll Officer

and the Head of Finance to identify and investigate any difference. The final print must be reviewed and authorised together with authority to release payment by the Director of Finance and Resources.

511 All salary payments are made by BACS.

512 The Head of Finance 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 Director of Finance and Resources.

513 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 reports provided by the payroll systems, and all payments are made by BACs once the payroll has been authorised.

514 After the payroll has been processed the appropriate journal will be posted to the nominal ledger by the Finance Officer. The Finance Officer should complete the payroll control account reconciliations and these should be reviewed and signed by either the Director of Finance and Resources or the Head of Finance on a monthly basis.

6. PURCHASING

601 The Trust wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they 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 Trust;
- Accountability, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

Routine Purchasing

602 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 statement detailing actual expenditure against budget is available to each budget holder using the online purchase ordering system. Detailed instructions regarding the use of the online purchase ordering system can be obtained from the Finance Office.

603 Routine purchases up to £500 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. 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 Head of Finance.

604 All orders must be made, or confirmed, using the online purchase ordering system. Orders must be submitted online to the Finance Assistant who will check the order to ensure it has been authorised in accordance with these regulations and submit the order to the relevant supplier.

605 The budget holder must make appropriate arrangements for the delivery of goods. On receipt the budget holder must undertake a detailed check of the goods received against the order they placed. Discrepancies should be discussed with the supplier of the goods without delay.

606 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 should be notified. The Finance Officer will keep a central record of all goods returned to suppliers.

607 All invoices should be sent to the Finance Office. Invoice receipt will be recorded by the Finance Assistant using the online system. The budget holder and Finance Officer will then be required to check the invoice using the online system and confirm the following:

- (a) invoice arithmetically correct;
- (b) invoice posted to purchase ledger;
- (c) goods/ services received;
- (d) goods/services as ordered;
- (e) prices correct;
- (f) invoice authorised for payment;
- (g) payment authorised;
- (h) VAT treated correctly and
- (i) payment made.

608 (a) and (b) will be completed by the Finance Officer. The invoice will then be sent to the budget holder to complete boxes (c), (d) (e) and (f). .

609 If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.

610 When the budget holder has completed (c), (d) (e) and (f) the invoice will be submitted to the Finance Office using the online system.

611 The Finance Assistant will then input details of payments to be made to the purchase ledger and generate the BACs file required. The BACs report and associated paperwork must be authorised by two of the nominated signatories in line with the bank mandates for each Academy. Once the documentation has been signed by two signatories the BACs payment will then be approved on the Bank's online system by, firstly, the Head of Finance and then the Director of Finance and Resources.

612 VAT reconciliations and returns are completed monthly by the Finance Officer and signed off by the Director of Finance and Resources.

E-Procurement and Payments made by Credit Card

613 The school credit card (Lloyds Bank) is used only when it is not practical to use a Purchase Order with a supplier. It is used mostly for internet purchases.

614 Purchases made using the credit cards must follow the same process as all other purchases, i.e. they are placed via Sage and are subject to exactly the same authorisation procedures as all other purchases.

615 Internet invoices/receipts are then used as the invoice from which to post the transaction into Sage.

616 The Head of Finance will provide guidance to staff where there is uncertainty regarding whether or not it is appropriate to use the credit card for a purchase.

617 When the credit card bill is received, this will be checked on a line by line basis against the postings already in Sage (via the ordering system).

Orders over £500 but less than £10,000

618 All orders over £500 but less than £10,000 are subject to approval from either the Head of Finance or the Director of Finance and Resources.

619 At least three written quotations should be obtained for all orders between £5,000 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. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

Orders over £50,000

620 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. Purchases over £100,000 may fall under EU procurement rules which require advertising in the Official Journal of the European Community.

Forms of Tenders

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

- *Open Tender.* This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Director of Finance and Resources 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.

Preparation for Tender

622 Full consideration should be given to:

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

623 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

624 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.

625 An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

Aspects to consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.

- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender acceptance procedures

- 626 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.

Tendering procedures

- 627 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.
- 628 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.
- 629 Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance & General Purposes Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance & General Purposes Committee.
- 630 Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.
- 631 The accepted tender should be the one that is economically most advantageous to the Trust. All parties should then be informed of the decision.

Re-Tendering

- 632 Consideration should be given to putting a service out to tender 3 years after the start date of the contract. Contracts must be re-tendered after a maximum period of 5 years.

Insurance

- 633 We have opted in to the Department for Education's Risk Protection Arrangements. RPA is an alternative to insurance where the UK Government funds cover losses that arise. 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. 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.

Other Payments

634 Any novel or contentious payments must be referred to the ESFA for explicit prior authorisation. Paragraph 3.3.1 of the handbook states: *Novel payments or other transactions are those of which the academy trust has no experience, or are outside the range of normal business activity for the trust. Contentious transactions are those which might give rise to criticism of the trust by Parliament, and/or the public, and/or the media. Novel and/or contentious transactions must always be referred to ESFA for explicit prior authorisation.*

635 The Academy trust must obtain ESFA's prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- writing-off debts and losses and any uncollected fines; and
- entering into guarantees, letters of comfort or indemnities.

Please refer to the Academies Financial Handbook for details of the delegated authorities.

7. INCOME

- 701 The main sources of income for the Trust are the grants from the ESFA. The receipt of these sums is monitored directly by the Head of Finance and the Director of Finance and Resources who are responsible for ensuring that all grants due to the Academy are collected.
- 702 All 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.
- 703 The finance assistants are responsible for recording income, this is checked by the Finance Officer to ensure funds are recognised separately as set out in the memorandum and articles. Annually, the Head of Finance will perform a review of all income to ensure correct classification.
- 704 The Trust also obtains income from:
- The Local Authority, in the form of grant funding
 - students, mainly for trips and catering, and
 - the public, mainly for sports lettings.

Trips

- 705 All cash must be collected by Student Services. A lead teacher must be appointed for each trip to take responsibility for notifying student services of the trip and the appropriate arrangements for cash collection and recording. 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 Student Services and the Finance Office.
- 706 A receipt must be issued for all monies collected by Student Services and the value of the receipt and the number of the receipt recorded against the student making the payment.
- 707 Student Services 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.

Catering Income

- 708 Catering income is received via the 'cashless catering' fingerprint system. It is the responsibility of the Catering Manager to collect, count and reconcile cash to the digital printout each day. This is then placed in the safe and deposited weekly via external cash handlers (Loomis).
- 709 Catering income is posted to the finance software weekly by the Finance Assistants. The Finance Officer will check that reconciliations are completed to ensure amounts received and being banked and recorded in full.

Custody

- 710 All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £5,000 insurance limit on the Finance Office safe.
- 711 Cash is posted into the finance software as received by the finance assistants and banked in accordance with point 713.

8. CASH MANAGEMENT

Bank Accounts

801 The opening of all accounts must be authorised by the Director of Finance and Resources who must set out the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. Trustees should be informed of any such account openings. 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

802 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

- the amount of the deposit and
- a reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

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

- Executive Head;
- Head of School;
- Director of Finance and Resources;
- Head of Finance;

804 This provision applies to all accounts, public or private, operated by or on behalf of the Trust, or individual academies within the trust.

Administration

805 The Director of Finance and Resources must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis by the Finance Officer. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the relevant Academy's cash book;
- reconciliations are prepared by the Finance Officer;
- reconciliations are subject to an independent monthly review carried out by either the Head of Finance or the Director of Finance and Resources and
- Adjustments arising are dealt with promptly.

Petty Cash Accounts

806 Each Academy maintains a maximum cash balance of £3,000. The cash is administered by the Finance Officer and is kept in the Finance office safe.

Deposits

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

Payments and withdrawals

- 808 In the interests of security, petty cash payments will be limited to £50. Higher value payments should be made by cheque or BACs directly from the main bank account as a cash book payment.
- 809 In exceptional circumstances where cash greater than £50 is required. Prior express approval must be given by either the Head of Finance or the Director of Finance and Resources.

Administration

- 810 The Finance Officer is responsible for entering all transactions into the petty cash records on a regular basis. Regular, unannounced cash counts should be undertaken by the Head of Finance to ensure that the cash balance reconciles to supporting documentation.

Physical Security and cash flow forecasts.

- 811 Petty cash should be held in a locking cash box which is put in the safe overnight. The Director of Finance and Resources is responsible for preparing cash flow forecasts to ensure that each 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. Similarly plans should be made to transfer funds from another bank account or to re-profile spending to cover potential cash shortages. The academy trust is aware of its requirement to manage cash in a way that ensures accounts do not become overdrawn.

Investments

- 812 Investments must be made only in accordance with written procedures approved by the Trust Board.
- 813 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

9. FIXED ASSETS

Refer to the Asset Control Policy.

APPENDIX I – STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Liverpool Joint Catholic and Church of England Academies Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Executive Head, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the academies under the control of The Liverpool Joint Catholic and Church of England Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Liverpool Joint Catholic and Church of England Academies Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- ◆ regular reviews by the Finance and Business Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines.
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed RSM UK Audit LLP to perform additional checks. The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. There have been no material control issues arising as a result of the auditor's work during the year. The schedule of audit work has been completed as planned for the year.

Review of Effectiveness

As accounting officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control.

APPENDIX 2 - TERMS & CONDITIONS OF PURCHASE

I. DEFINITIONS

"Company" means The Liverpool Joint Catholic and Church of England Academies Trust (trading as either The Academy of St Francis Of Assisi or Enterprise South Liverpool Academy) acting by the Officer named on the face of the Order ("the Authorised Officer").

"Delivery" means delivery of the Supplies at the place or places specified in the Order

"the Order" shall mean the Company's Official Order Form these conditions and any Specification requirement drawings or other documents or correspondence accompanying and identified in the Order

"Specification" means the description and drawings (if any) or specification of the Supplies contained or referred to in the Order

"Standing Orders" "Financial Regulations" and "Control of Projects Manual" shall mean the Standing Orders and Financial Regulations of the Company and the Control of Projects Manual of the Company currently in force respectively, copies of which can be obtained from the Supervising Officer.

"Supplier" means the person firm or company to whom the Order is addressed and sent

"Supplies" means the articles or things or service or any part of any of them described in the Order and, where appropriate, such packaging as may be necessary for the immediate safe and secure containment or handling of the Supplies but excluding additional cartons, cases and other similar containers used for convenience of distribution

2. OFFICIAL ORDERS

No Supplies are to be supplied without an official order on behalf of the Company having first been delivered to the Suppliers

3. DOCUMENTS

The Supplier shall:-

- (i) Clearly mark the outside of each consignment or package with the Suppliers name and address, together with the Company's Order number and full details of the destination as stated in the Order and include a Packing Note stating the contents thereof
- (ii) On despatch of each consignment send to the Company at the delivery address an Advice Note specifying the means of transport, the weight, number or volume and the point and date of despatch
- (iii) Send the Company a detailed Invoice as soon as is reasonably practicable after the receipt of each consignment
- (iv) State on every such Packing Note, Invoice or other document relating to the Order the Company Order Number and Code Number (if any)

4. PAYMENT

The Company will unless otherwise stated on the face of this Order make payment of invoices properly rendered within 30 days of their receipt together with any correctly charged Value Added Tax and following delivery of the Supplies

5. QUALITY AND MARKING

- (i) The Supplies shall conform as to quantity, quality and description. They shall be of sound material and workmanship. If samples or patterns are or have been provided the Supplies shall

be equal in all respects to the samples or patterns. If a standard of performance is specified the Supplies shall be capable of the required performance.

- (ii) Where an appropriate British or European Standard Specification or Code of Practice issued by the British Standards Institution or the European equivalent is current at the date of the Tender, all Supplies and materials used or supplied and all workmanship shall be at least equal to that standard.
- (iii) The Supplier shall cause all Supplies supplied to be suitably and sufficiently marked, endorsed and labelled with information and advice necessary to instruct and warn any person into whose hands the Supplies shall come about any hazards to health and/or safety reasonably foreseeable as arising from despatching, receiving, handling, using or processing the Supplies and also about the necessary precautions to be taken in respect thereof provided however that if it shall not be reasonably practicable to mark, endorse or label the Supplies accordingly, the Supplier shall fully instruct and advise such persons by an accompanying notice at the time of despatch.

6. INSPECTION TESTING AND WARRANTY

- (i) Before despatching the Supplies, the Supplier shall carefully inspect and test them for compliance with the Specification. The Supplier shall, if requested by the Company give the Company reasonable notice of such tests and the Company shall be entitled to be represented thereat. The Supplier shall also supply to the Company certificates of the results of inspection and test in such form as the Company may require.
- (ii) If it is expressly agreed the Company will be entitled to inspect and test the Supplies during manufacture, processing or storage, and the Supplier shall provide or procure the provision of all such facilities as may reasonably be required by the Company therefore.
- (iii) If as a result of any inspection or test under paragraphs (i) and (ii) of this clause the Company's representative is of the opinion that the Supplies do not comply or are unlikely on completion of manufacture or processing to comply with the Specification, the Company shall inform the Supplier accordingly in writing and the Supplier shall take such steps as may be necessary to ensure such compliance.
- (iv) The Supplier hereby undertakes to make good repair or replace with all reasonable speed and at its own expense any defect or malfunction in the Supplies which develop within 12 months (or such other period as may be set out on the face of the Order) from the date of delivery.

7. DELIVERY

- (i) The Supplies shall be delivered by the Supplier at the place or places and in the manner specified in the Order or as subsequently specified.
- (ii) Where the Order provides for delivery within a specified time such time shall run from the date of receipt by the Supplier of the Order or the necessary information and drawings, whichever may be the later.
- (iii) Where no date or time is specified in the Order then delivery shall be within a reasonable time.

8. PASSING OF PROPERTY

The property in the Supplies shall pass to the Company on delivery without prejudice to any right of rejection which may accrue to the Company under these Conditions.

9. STATUTORY AND OTHER REGULATIONS

The Supplier shall comply with the provisions of all European Directives, Regulations or Orders, Acts of Parliament (and Orders and Regulations made thereunder by any competent authority) applicable to the Supplies and without prejudice to the generality of the foregoing shall comply with such provisions relating to or affecting the health and/or safety of anyone despatching, receiving, handling, using or processing the Supplies (particularly with reference to Section 6 of the Health and Safety at Work Act).

1974 obliging suppliers to provide adequate information and operating instructions for such articles so supplied and the Control of Substances Harmful to Health Regulations for the time being in force)

10. REJECTION

- (i) The Company may by notice in writing to the Supplier reject the whole or any part of the Supplies if the Supplier fails to comply with his obligations as set out herein and may also by notice in writing to the Supplier given within a reasonable time of Delivery reject any Supplies which are found not to be in accordance with the Specification or these Conditions
- (ii) The Supplier shall upon notice of rejection, collect the rejected Supplies at the Supplier's risk and expense. In such case the Supplier shall, within a reasonable time, replace such rejected Supplies with Supplies which are in all respects in accordance with the Order
- (iii) Any money paid by the Company to the Supplier in respect of any rejected Supplies not replaced by the Supplier within a reasonable time together with any additional expenditure (including storage charges) over and above the price of the rejected Supplies reasonably incurred by the Company in obtaining other Supplies in replacement shall be paid by the Supplier to the Company

11. LIABILITY FOR ACCIDENTS AND DAMAGE

The Supplier shall indemnify the Company in respect of all damage or injury to any person or to any property and against all actions suits claims demands costs charges and expenses arising in connection therewith caused by:-

- (a) the negligence of other tortious act or omission or breach of these terms by the Supplier his sub-contractors or servants while they are on the Company's premises for any purpose connection with the Contract or
- (b) defective design (other than a design made furnished or specified by the Company and for which the Supplier has disclaimed responsibility in writing within a reasonable time after receipt of the Company's instructions) and defective workmanship

12. INSURANCE

- (i) The Supplier shall effect and keep in force for the period of the Order Public Products and Employers Liability Insurance to the satisfaction of the Company in the sum of not less than £2 million (TWO MILLION POUNDS) per occurrence in respect of Public Liability risks £2 million (TWO MILLION POUNDS) any one claim and in all any one year in respect of product liability risks and £5 million (FIVE MILLION POUNDS) per occurrence in respect of Employers Liability with no restriction on the number of occurrences.
- (ii) Evidence of the policy or policies of insurance and current receipts for premiums shall be produced upon request

13. DAMAGE OR LOSS IN TRANSIT

The Supplier shall repair or replace free of charge to the satisfaction of the Company Supplies damaged in transit and in the event of such damage Delivery shall not be deemed to have taken place until repaired or replacement Supplies have been delivered

14. PATENT RIGHTS

- (i) The Supplier warrants that all royalties and fees on patented articles, processes and registered designs have been paid and shall indemnify the Company against all claims which may arise from any breach of such warranty
- (ii) In the event of any claim being made or action brought against the Company arising out of the matters referred to in this clause, the Supplier shall be promptly notified thereof and may at his own expense conduct all negotiations for the settlement of the same and any litigation that may arise therefrom

15. USE OF PATTERNS, DRAWINGS ETC

- (i) The Specifications patterns drawings samples and information issued by the Company in connection with the Order are confidential and their use must be confined to the Supplier his sub-contractors or servants solely for the purpose of carrying out the Order. On completion of the Order or earlier termination the said Specifications patterns drawings and samples shall be returned to the Company
- (ii) When Specifications patterns and samples are issued to the Company by the Supplier other than as part of the Supplies, they shall be treated as confidential by the Company and if so required by the Supplier shall be returned to the Supplier on completion of the Order or earlier termination

16. TERMINATION

- (i) The Company may at any time determine the Order by giving to the Supplier 7 days' notice in writing, given at any time and signed by the Authorised Officer Termination shall not affect the Suppliers' liability to supply any materials or Supplies ordered before the expiry of the said Notice Termination shall be without prejudice to any rights, duties and liabilities accruing to either party prior to the date of such termination
- (ii) In the event of the Supplier committing any material or persistent breach of any obligation imposed on him or breaching any anti-corruption legislation Standing Order or Financial Regulation of the Company or if the Supplier shall become bankrupt or shall execute any Deed of Arrangement or assignment for the benefit of or shall compound with his creditors under the provisions of the Insolvency laws for the time being in force or being a company shall go into liquidation or if any resolution or order is made for the purpose of voluntary or compulsory winding up the company or in the event of a Receiver Manager or Administrator being appointed or being a partnership if the partnership shall be dissolved

THEN and in any such event the Company may terminate forthwith the whole or any specific part of the Order by notice given by the Authorised Officer

17. ASSIGNMENT AND SUB-LETTING

The Supplier shall not without the written consent of the Company transfer assign or sub-let the whole or any part of the Contract

18. RETENTION OF TITLE CLAUSES

The Supplier will where he has purchased Supplies from a third party pay for those Supplies within the time allowed by that third party or at any event will not in his dealings with that third party put at risk the Company's possession and ownership of the Supplies after Delivery and payment as the case may be

19. CORRUPT GIFTS AND PAYMENTS OF COMMISSION

The Contractor shall comply with any relevant Financial Regulations and Standing Orders of the Company and shall further agree to comply with the provisions regarding anti-corruption namely:-

- (i) "Any person or body engaged or appointed by the Company either to provide services or execute works or supply goods or materials of any kind or nature whatsoever or who hires or uses any of the Company's property who shall give offer or allow any gratuity gift or benefit of any kind to any person in the Company's employ (whether under a contract of or for services) shall not be engaged or appointed by the Company in respect of any further such provision execution or supply nor permitted any further hire or use
- (ii) The provisions of paragraph (i) shall apply whether or not the giving offer or allowance was (a) made by an employee agent or sub-contractor of the person or body and (b) authorised by the person or body

- (iii) Persons and bodies to whom paragraph (i) applies shall have their attention drawn to the provisions of the Public Bodies (Corrupt Practices) Act 1889 and the Prevention of Corruption Acts 1906 and 1916 (and any other statutory amendment or re-enactment thereof for the time being in force) and the National Code of Local Government Conduct (as amended from time to time)
- (iv) A copy of this Standing Order shall be inserted in every contract or agreement referred to in (i) above"

20. LAW APPLICABLE AND DISPUTE RESOLUTION

- 20.1 This Order shall be governed by, and construed in accordance with, English Law.
- 20.2 If any dispute arises under the Order the parties shall attempt to resolve it in good faith.
- 20.3 If within 7 days of the dispute arising the dispute remains unresolved the parties shall attempt to settle it through the Centre for Effective Dispute Resolution Model Mediation Agreement and Procedure, 8th Edition – October 2002.
- 20.4 If the dispute remains unresolved one month after it has arisen (including the 7 days referred to in Clause 20.3) either party may refer the dispute to the English Courts, who will have exclusive jurisdiction to hear the matter.

21. INTERPRETATION

- 21.1 A reference to any Act of Parliament or to any Order, Regulation, Statutory Instrument enforceable, EU Legislation, Code of Practice or the like shall include reference to any amendment or re-enactment of the same
- 21.2 Words importing the masculine gender include the feminine gender; words in the singular include the plural and vice versa and words importing individuals shall be treated as importing Company's and vice versa

22. HEADINGS

Headings are for information only and do not form part of this Order

23. NOTICE

Any demand notice or other communication required to be given hereunder shall be sufficiently served if served personally on the addressee or if sent by a pre-paid first class recorded delivery post or by facsimile transmission to the registered office or last known address of the party to be served therewith and if so sent shall subject to proof of the contrary be deemed to have been received by the addressee on the second business day after the date of posting or on successful transmission as the case may be

24. WAIVER

Failure by the Company at any time to enforce the provisions of the Order or to require performance by the Supplier of any of the provisions of the Order shall not be construed as a waiver of any such provision and shall not affect the validity of the Contract or any part thereof or the right of the Company to enforce any provision in accordance with its terms

25. ACT OF GOVERNMENT

If any provision in the Order shall become void, voidable or unenforceable by virtue of the coming into force of any statute or other mandatory legislation or in the event of any provision being declared by any court of competent jurisdiction to be such THEN and in such event the balance of the Order shall remain in full force and effect without prejudice to any rights of termination of this agreement in accordance herewith

26. TERMS EXCLUSIVE

No terms and conditions of sale submitted or referred to by the Supplier in any quotation, tender, correspondence, or during the course of the negotiations between the parties shall form part of the Order and are excluded. The Supplier's terms and conditions of sale may only be incorporated into the Order if the Company's legal advisers inform the Supplier in writing that they are so incorporated and that this is confirmed by the Company in the purchase order.

27. THIRD PARTY RIGHTS

Notwithstanding any other provision herein contained nothing in this Agreement confers or purports to confer any rights to enforce any of its terms pursuant to the Contracts (Rights of Third Parties) Act 1999 on any person who is not a party hereto.