



# **Peterborough Keys Academies Trust**

## **Finance Manual**

**Version 3**

**Trustee Committee: Finance and Audit  
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## 1. Introduction

- 1.1. This Finance Manual is mandatory for all of the schools which constitute Peterborough Keys Academies Trust (PKAT) and the Trust itself. The purpose of the PKAT Finance Manual is to distil the plethora of guidance produce by the Education & Skills funding Agency (ESFA) and the Department for Education (DfE) and present it in the context of PKAT. When guidance is updated the PKAT Finance Manual will be reviewed by the Chief Finance Officer (CFO) and presented to the PKAT Trustees through the Finance and Audit Committee for approval.
- 1.2. The key documents to reference are the Academies financial handbook and Academies accounts direction both for the appropriate year. These can be found at <https://www.gov.uk/education/academy-and-academy-trust-finance-and-reporting>
- 1.3. Financial actions must also be compliant within the DfE Governance handbook, this can be found at <https://www.gov.uk/education/school-governance>
- 1.4. The ESFA have produced an Academies Planning Calendar which is a one-page document detailing not only what Academy Trusts need to do and when but when the ESFA will publish updated guidance and make non-standard funding payments. These deadlines will inform internal deadlines within PKAT both for Trust level and individual schools.
- 1.5. Limits and authorities apply to all schools and the Trust unless specifically noted otherwise.

## 2. Financial Governance

- 2.1. The full range of responsibilities and accountability is detailed in the latest version of the Academies financial handbook (AFH) and DfE Governance handbook (GH), below is a summary to give a context to the specific PKAT and school roles.
- 2.2. DfE's Principal Accounting Officer – DfE is ultimately responsible and accountable for the effectiveness of the financial system for academies. The DfE therefore ensures that there is an adequate framework in place to provide assurance that all resources are managed in an effective and proper manner and that value for money is secured.
- 2.3. ESFA's Accounting Officer – the ESFA is an executive agency of the DfE and acts as the agent of the Secretary of State. The ESFA's Accounting Officer will send a "Dear Accounting Officer" letter annually to all academy trust Accounting Officers, setting out their key responsibilities and highlighting any changes from previous years. This letter should be shared with their Trustees, Primary School Lead, Chief Operating Officer, Chief Finance Officer, Headteachers and other members of the Senior Leadership Teams (SLT).
- 2.4. PKAT's Accounting Officer (AO) – The PKAT Chief Executive has been appointed to this role. The appointment of an AO does not remove the responsibilities of trustees, both individually and as a board, for the proper conduct and financial operation of the trust. The AO is personally responsible to Parliament and the ESFA's Accounting Officer for the financial resources under the trust's control. AO must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly in terms of value for money, regularity and propriety.
- 2.5. PKAT Members – Have a similar role to the shareholders in company limited by shares. They are signatories to the articles of association and may amend them by special resolution. They have the power to appoint Trustees and by special resolution may issue direction to Trustees to take a specific action. They appoint the Trust's External Auditors and receive the Trust's audited accounts.
- 2.6. PKAT Trustees, who have also been appointed as Directors of PKAT at Companies House – The board of trustees has wide responsibilities under statute, regulations and the funding agreement. Principally, it is responsible for ensuring that the trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the AFH.
- 2.7. PKAT Chief Executive Officer (CEO) – see PKAT's AO.
- 2.8. PKAT Chief Operating Officer (COO) – delegated responsibility from the AO to oversee the implementation and continued adherence to the PKAT finance policies.
- 2.9. PKAT Chief Finance Officer (CFO) – delegated responsibility from, the AO via the COO, for delivery of the trust's detailed accounting and financial policies and processes.

- 2.10. Local Governing Bodies (LGB) and Governors – should continue to provide the same level of strategic support, hold senior leaders to account for the educational performance of the school and its pupils, and the performance management of staff and oversee the financial performance of the school ensuring money is well spent, as it did prior to becoming an Academy. LGBs are sub-committees of the Trust Board.
- 2.11. Headteachers and SLTs - should continue to provide the same level of strategic direction, be accountable for the educational performance of the school and its pupils, manage the performance of staff and oversee the financial performance of the school ensuring money is well spent, as they did prior to becoming an Academy. The latter may be evidenced by the discussion of the CFR report and more detailed reports, where appropriate, in SLT meetings being either minuted or the CFR being signed by SLT.
- 2.12. School staff with financial responsibility – each school will need to declare who will carry out the Business Manager and Finance Manager responsibilities if they do not have roles with such titles, in a Primary school this may be the same individual due to the smaller scale.
- 2.13. AOs in particular but also anyone working within a publically funded body should adhere to The Seven Principles of Public Life:
- 2.13.1. **Selflessness** - Holders of public office should act solely in terms of the public interest.
- 2.13.2. **Integrity** - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- 2.13.3. **Objectivity** - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- 2.13.4. **Accountability** - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- 2.13.5. **Openness** - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- 2.13.6. **Honesty** - Holders of public office should be truthful.
- 2.13.7. **Leadership** - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
- 2.14. High standards of probity in the management of public funds includes:

- 2.14.1. **value for money** – this is about achieving the best possible educational outcomes through the economic, efficient and effective use of resources, the avoidance of waste and extravagance and prudent and economical administration. A key objective is to achieve value for money not only for the trust but for taxpayers generally.
- 2.14.2. **regularity** – dealing with all items of income and expenditure in accordance with legislation, the terms of the trust’s funding agreement and this handbook, and compliance with the trust’s internal procedures – this includes spending public money for the purposes intended by Parliament.
- 2.14.3. **propriety** – the requirement that expenditure and receipts should be dealt with in accordance with Parliament’s intentions and the principles of parliamentary control – this covers standards of conduct, behaviour and corporate governance
- 2.15. A register of business interests of each Member and Trustee will be established and maintained by the Company Secretary.
- 2.16. A register of business interests of each Governor will be maintained by the relevant clerk to the Governors, that is one register for each school.
- 2.17. A register of business interests of each member of staff with financial responsibilities, which includes all budget holders and those with access to Elementary, will be maintained by each school Finance Manager.
- 2.18. All registers of business interests will be updated annually at the beginning of each calendar year. All Members, Trustees, Governors and members of staff should be aware of the applicable register and the need to declare any interest. The registers are available for inspection throughout the year by parents Trustees, Governors and staff. It is the responsibility of each Trustee, Governor and member of staff to notify the Company Secretary, Clerk or Finance Manager of any business interest they have which requires inclusion on the appropriate register.
- 2.19. Any Trustee, Governor or member of staff who has an interest in a business tendering will not form part of the sub-committee awarding the contract. No Trustee, Governor or member of staff involved in awarding a contract will accept gifts or hospitality from current or potential suppliers.
- 2.20. PKAT does not obtain goods or services for the private use of Trustees, Governors or members of staff, this includes not obtaining goods or services for resale to them, with the exception of items also available for resale to students.
- 2.21. The PKAT Scheme of Delegation, published on the PKAT website under Governance Structure, sets out authorities.
- 2.22. The CEO, COO, CFO and Company Secretary will annually update the PKAT Governance Planner for Trust Board approval. This document specifies when Trustee and LGB meetings need to take place and what will be considered to allow the proper flow of approvals.

### **3. Budgetary Planning, Control and Monitoring**

The requirements for all trusts are:

- 3.1. The board of trustees must approve a balanced budget, and any significant changes to that budget, for the financial year to 31 August, which can draw on unspent funds brought forward from the previous years. The board must minute their approval.
- 3.2. ESFA's AO is required to provide assurance that the bodies ESFA funds are in sound financial health. For this reason, trusts must submit to ESFA budget forecast information in a form specified by ESFA within their timescales, currently six weeks prior to the start of the financial year for three financial years.
- 3.3. The board of trustees, and any separate committee responsible for finance, must:
  - 3.3.1. Ensure good financial management and effective internal controls
  - 3.3.2. Comply with their funding agreement
  - 3.3.3. Ensure sufficient rigour and scrutiny in the budget management process to understand and address variances between the budget that has been set and actual income and expenditure
  - 3.3.4. The Chair of Trustees must receive monthly management accounts and the board must consider these when it meets. The Board must ensure appropriate action is being taken to maintain ongoing financial viability.
- 3.4. The board of trustees must notify ESFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year which it is unable to address, after unspent funds from previous years are taken into account.

To meet the above requirements PKAT will:

- 3.5. Schedule trustee meetings and coordinate with each LGB to schedule their meetings to provide suitable discussion and scrutiny at the school level, followed by consolidation of both the narratives and numbers for trustee discussion and scrutiny. This needs to cover both budget preparation and in year monitoring, including variance analysis.
- 3.6. In addition to revenue and capital reporting the CFO will provide to trustees Balance Sheet and Cashflow data with adequate commentary to interpret the data.
- 3.7. Although there is one balance sheet and one bank account for all of PKAT, separate reserve accounts will be maintained to enable identification of each school's and the Trust's individual balance to prevent unwittingly cross subsidising.
- 3.8. The CFO in consultation with the COO, taking into account the funding agreement, will provide budgeting assumptions and parameters for all schools upon which to build their budget. This will include the cost of central Trust costs, which are

expected to increase in the first years as greater collaborative procurement is implemented.

- 3.9. A budgeting tool has been written in house using Microsoft Excel to enable all schools and the trust central budget to be on the same platform and, by definition, easily consolidated. The tool will provide output data in a format compatible with the accounting system to avoid duplication of entry.
- 3.10. If an individual school is proposing a deficit budget this should be agreed by the PKAT Senior Leaders in the first instance but will ultimately require trustee approval. This could be a useful measure if one off situations arise which can be dealt with between schools. However, a prolonged deficit by a school is not sustainable.
- 3.11. In year proposed budget changes greater than ½% of a school's total original budgeted income requires LGB approval and recommendation to trustees to approve. The CFO will update a table of limits and authorities with the appropriate value for that financial year when the original budget has been approved by the Trustees.
- 3.12. The CFO will act on the Trustees behalf in communicating with the ESFA, including uploading required data.
- 3.13. Each school will use their School Improvement Plan for discussion at SLT to inform significant changes in the next financial year's budget.
- 3.14. Evidence suggests that budgets are better managed if those assigned to manage them have been involved in their setting. To that end JHS has adopted an approach of bidding for Capitation budgets by the CALs and having a panel to assess them.
- 3.15. A detailed timetable for the annual budgeting process has been developed and is updated annually.
- 3.16. Budgetary control is continuous. Day to day responsibility for monitoring and control lies with each Budget Holder, who must obtain prior written approval from their Headteacher if they wish to exceed their budget allocation. The process is co-ordinated by the Finance Manager and reviewed by the SLT on a monthly basis.
- 3.17. The CFO maintains a list of Budget Holders and the cost centres they are responsible for. All Budget Holders, except for Headteachers, are asked to sign a delegation letter, the signature is retained for comparison when non-electronic authorisation is made. Each school Finance Manager will co-ordinate the issue and return of delegation letters.
- 3.18. Budget Holders and their line manager can obtain Budget Statements detailing budgets, actual expenditure and commitments any time they wish from the Elementary Web Portal. Summary reports are produced on a monthly basis for each SLT.



- 3.19. School Finance Managers will provide written commentary to accompany the reports sent to their LGB. Copies of these reports and commentary will be forwarded to the CFO with a summary of the LGB discussion for consolidation into the Trustees report.

#### **4. Accounting Systems and Records**

- 4.1. The Trust's accounting system was chosen based upon the Finance and Business Mangers Group recommendation to the Working Group as part of the process for establishing PKAT.
- 4.2. It is a fully computerised system using SAGE as the Accounting Package and The Technology Services Group's Elementary Web Portal, which fully integrates with SAGE. The Web Portal allows Budget Holders and admin support access to enter and approve requisitions. They can also view budget dashboards and reports whenever they wish. The CFO in consultation with each school's Finance Manager determines the access levels of users.
- 4.3. Access to SAGE is similarly determined by the CFO in consultation with each school's Finance Manager.
- 4.4. Appointees to Finance related roles should have appropriate experience for the role and will be given relevant comprehensive SAGE and Elementary training.
- 4.5. The proper functioning of the accounting system is the responsibility of the CFO. In their absence, the COO will cover financial control and will delegate appropriately other aspects as required by the timing of the absence.
- 4.6. The IT Services Manager of JHS is responsible for an appropriate system of at least daily backups.
- 4.7. Only authorised staff are permitted to access the accounting records which are securely retained when not in use.
- 4.8. Alterations to any original documents, such as cheques, are made clearly in ink. The use of correction fluid or the erasure of information is not acceptable.
- 4.9. Any documentation must be submitted electronically, printed or in ink; no documents completed in pencil will be progressed for payment.
- 4.10. An e-mail sent from an official school or Trust e-mail account will be accepted in lieu of a physical signature for authorisation purposes. In the case of Trustees and Governors it must be from the e-mail address registered with the appropriate clerk.
- 4.11. All accounting records are securely retained in line with HMRC guidelines, which is currently for six years plus the current financial year.
- 4.12. Microsoft Teams technology is used as platform to securely store financial documents including invoices, which is easily accessible by staff involved in finance in all PKAT schools.

## 5. Procurement

### 5.1. Purchasing – General

- 5.1.1. Goods or services provided by Members, Trustees, members of staff or related parties to the aforementioned must be provided at no more than cost, on the basis of an open book agreement and supported by statements of assurance. Before such arrangements are entered into please consult the CFO or COO for guidance on how to do this in a compliant manner.
- 5.1.2. Under no circumstances can PKAT funds or payment methods be used to purchase alcohol other than for the purpose of science experiments, generally purchased through scientific suppliers and exempted from duty. Reimbursement by a third party for the cost does not constitute a valid reason for overriding this point.
- 5.1.3. The Budget Holders will select suppliers on the basis of their capacity to provide quality goods or services, timely delivery and value for money. Consortia are used where they provide value for money.

### 5.2. Purchasing

- 5.2.1. For purchases in respect of a total single purchase order value (not unit price), whether for one or any number of Budget Holders a specified number of quotations will be required as follows:
- |                        |                       |
|------------------------|-----------------------|
| (a) Up to £500         | 1 written quotation   |
| (b) £500 to £10,000    | 2 written quotations  |
| (c) £10,000 to £50,000 | 3 written quotations. |
- 5.2.2. Catalogue prices will be considered to be written quotations. Discounts will be sought from suppliers. Quotations should be uploaded into the documents tab of the relevant requisition or the internal notes annotated as to why quotes cannot reasonably be obtained on the Elementary requisition.
- 5.2.3. For purchase orders between £10,000 and £50,000 in value 3 written quotations and completion of purchasing checklist procedure
- 5.2.4. In the case of emergency remedial actions outside of the above parameters retrospective authority should be received from:
- |               |                     |
|---------------|---------------------|
| Up to £10,000 | by the Headteacher  |
| Over £10,000  | by the Chair of LGB |
- 5.2.5. The checklist, available for staff involved in finance on PKAT Finance Team Area and for all JHS staff on Firefly and at H:\Staff\Finance Staff\Finance Public, is used for purchasing goods or services between £10,000 and £50,000. All orders between these amounts should be accompanied by this checklist to ensure value for money is obtained. Discounts will be sought from suppliers.
- 5.2.6. Catalogue prices will be considered to be written quotations. Quotations and a copy of the checklist should be uploaded into the documents tab of the relevant requisition on Elementary.

5.2.7. Purchases up to £10,000 from recognised consortia, e.g. Crown Commercial Services, Crescent, ESPO and YPO, do not require comparative quotes as these companies have already market tested..

### 5.3. Purchasing - Tendering

5.3.1. Tendering is a formal procedure in which contractors/suppliers are invited to submit a bid to a purchaser. Their bid is then evaluated together with other bids received against specified criteria.

5.3.2. Value	Minimum number of tenders
£50,000+	5*

\*Contracts for major building works must be authorised by the Chair of the LGB.

5.3.3 All purchases with a value greater than £50,000 must be put out to formal tender. The following procedures must be followed in such circumstances:

(a) a specification will be prepared by the Budget Holder (recommended to enlist the support of a technical advisor), authorised by the Chairman of the relevant LGB sub-committee and Business Manager and sent to at least five suppliers. Clarity is essential to avoid misunderstanding. Initial specifications are to be drawn up as precisely as possible to ensure that all suppliers' bids are based on exactly the same specifications. Full consideration should be given to

- (i) budgeted funds available
- (ii) object of project
- (iii) overall requirements
- (iv) technical skills required
- (v) after sales service requirements
- (vi) form of contract
- (vii) delivery dates/times

(b) The invitations to tender will include:

- (i) an introduction/background to the project;
- (ii) the scope and objectives of the project;
- (iii) any technical requirements
- (iv) implementation details for the project;
- (v) the terms and conditions of the tender; and
- (vi) the form and date of response to the school.

(c) all replies should be addressed to one e-mail address and not shared until the date of the tender board. For ease of administration documents can be opened and reproduced in advance of the date;

(d) all tenders will be reviewed in the presence of the Business Manager and Headteacher or Chair of Governors at the same time. If all parties agree this can be a virtual process. If details have been amalgamated prior to the tender board then all participants must sign the document to agree its accuracy. As a minimum it must include the details of the contractor, details of the quotation and financial details. If not prepared, then such a document must be prepared during the tender board meeting and signed by all participants;

(e) no contractor will be allowed to amend the tender after the time fixed for receipt;

- (f) any justified extension of the tender period must apply to all tenderers;
- (g) the Business Manager will open a correspondence file (preferably electronic) for each tender board which will contain copies of all correspondence or other relevant information;
- (h) all tenderers must be subsequently thanked and advised on the success or failure of their bids in writing;
- (i) the reasons for accepting a particular tender must be documented, especially if it is decided to accept other than the lowest tender. All decisions must be reported to the full LGB.

#### 5.3.4 Additional Procedures for Works Purchases above £50,000

- (a) at the closing date, all tenders and supporting documents are presented to the Tender Board, consisting of at least three members, two of whom are Governors;
- (b) any interests must be disclosed;
- (c) all tenders and tender reports (if appropriate) are considered. The Tender Board is delegated authority from the LGB to accept tenders up to £50,000; above this figure the approval of the full LGB Committee is required.

#### 5.3.6 The following points, which would likely have been in the specification, will be considered when deciding which tender to accept:

- (a) the overall price and the individual items or services which make up that price
- (b) whether there are any 'hidden' costs, that is additional costs which the school will have to incur to obtain a satisfactory product;
- (c) whether there is scope for obtaining value for money;
- (d) the qualifications and experience of the supplier;
- (e) how well the technical requirements laid down by the school will be met;
- (f) the supplier's own quality control procedure; pre-sales demonstrations and after-sales services;
- (g) references
- (h) ability to undertake the appropriate Regulatory compliance e.g. Health & Safety, risk assessment.
- (i) Insurance of the supplier

## 5.4 Purchasing - Orders

5.4.1 The ordering procedure is as follows:

- (a) where a Budget Holder has admin support who has access to enter orders on Elementary the Budget Holder will notify the Elementary user of their requirements, having obtained the requisite quotes as detailed above. The Elementary user will prepare the requisition and submit for the Budget Holder to authorise on Elementary as Budget Holder Authorisation, which will then be posted by the Finance Manager from Elementary to SAGE to create a Purchase Order. Copies of quotes or tenders should be attached if necessary, in Elementary to the requisition. If the items require an online order, providing screen prints with the exact items detailed will often save a lot of queries.
- (b) where the Budget Holder does not have admin support the details of their requirements should be e-mailed their school finance team e-mail box together with appropriate quotes or tenders. A member of the Finance Team will enter the order on Elementary for the Budget Holder to authorise.
- (c) if a Budget Holder is not available to sign any of the purchasing documentation or to communicate by e-mail where required below, their line manager may do so instead.
- (d) an Official Order is generated by the SAGE Finance system and is allocated a sequential number as it is produced.
- (e) all IT related purchases will be checked with the IT Services Manager before orders are authorised. Similarly, at JHS all training related expenditure will be checked with the Assistant Head with responsibility for training before orders are authorised.
- (f) the requisition, if under £5,000 is approved by the Finance Manager in Elementary to create an Official Order. If the Requisition is over this amount, the Business Manager will do so. Orders over £20,000 require LGB approval. Until this stage of the process has occurred goods and services should not be ordered from suppliers. Suppliers have been informed by the CFO that any invoices received without an official purchase order on them will be returned unpaid under our No Purchase Order No Pay policy.
- (g) following authorisation, the PKAT Finance Assistants will use SAGE to e-mail a copy of the order to the supplier. The documentation is retained on Elementary as part of an audit trail.

5.4.2 Any cancelled order should be entered as cancelled on the SAGE Finance system.

5.4.3 The SAGE/Elementary Finance system keeps a record of all orders placed that have not been invoiced. A listing of such orders will be reviewed by the PKAT Finance Assistant each month and checked for outstanding orders, which will then be chased.

5.4.4 The only goods and services that can be purchased prior to 5.4.1.d occurring, that is without a purchase order being raised, are listed below – if LGB have not been involved in the procurement stages, invoices over £20,000 must be countersigned by a Governor prior to payment:

- a) business rates
- b) staff employed via agencies (confirmation PO is required)
- c) emergency expenditure
- d) reimbursements to staff, including relocation expenses
- e) student support, including bursaries
- f) bank charges, including secure cash collection
- g) Walters where an online order is made, however, an order should be entered on Elementary, to facilitate identification when goods are delivered, and the signed copy labelled "Confirmation" to avoid duplicate orders being sent out.
- h) train tickets will be purchased using a Charge Card but the Train Booking form must be completed and properly authorised.
- i) Vivacity swimming pool usage
- j) taxi invoices
- k) photocopier invoices
- l) water and energy charges
- m) catering consumables for in house catering
- n) examination entry fees

## **5.5 Purchasing – Receipt of goods**

5.5.1 All schools should have a robust delivery procedure to ensure that goods are properly accounted for and to do not go missing. At JHS all goods should be delivered to the Caretakers. The Caretaker will carry out a brief inspection prior to signing for a delivery as a prima facie check that the delivery is complete.

5.5.2 The following procedures then take place as soon as is practicable:

- (a) in most cases, where the Finance Assistant can confidently do so the goods are checked off against the delivery note and the order. The package will then be taped up and labelled for the caretakers to deliver to the Budget Holders.
- (b) in some cases (e.g. science equipment / ICT equipment), the goods are not easily identifiable and will be taped up and labelled for the caretakers to deliver to the Budget Holder for checking against the delivery note and order.

5.5.3 Any shortages or defective items in the goods supplied must be clearly indicated on the delivery note and the supplier contacted immediately by the person who identified the discrepancy, normally the Finance Assistant or the Budget Holder. The Finance Assistant shall record the actual goods received on the Elementary Web portal.

5.5.4 The Finance Assistant will notify Budget Holders by e-mail that a delivery has been received and is being sent to them. The Budget Holder will have five term days from the date of the e-mail being sent to notify the Finance Assistant if there is a defect within the order or if they do not receive the delivery by the caretaker. After this time if no communication has been received the Finance Assistant will presume the Budget Holder is satisfied with their delivery and will pass the invoice for payment, subject to 5.6.1. These e-mails will be retained as part of the audit trail.

5.5.5 Where a service has been ordered the Budget Holder will need to notify the Finance Assistant that the service has been satisfactorily received. Upon notification the Finance Assistant will enter a goods receipt on Elementary and pass the invoice for payment, subject to 5.6.1. These e-mails will be retained as part of the audit trail.

## 5.6 Purchasing - Authorisation and payment of Invoices

5.6.1 All purchase invoices, if not addressed to PKAT finance, should be forwarded immediately to the PKAT finance in box. Invoices will be checked against the Official Orders and the delivery notes (where applicable).

- a) if the goods receipt matches the purchase order and the supplier invoice matches the purchase order, i.e. a three way match, no further signature or communication is required from or with the Budget Holder.
- b) if the only discrepancy on the three way match is carriage or postage and packing, no further action is required by the Budget Holder but the Finance Assistant would inform them of the additional cost.
- c) if the only discrepancy on the three way match is the goods or service cost less, no further action is required by the Budget Holder but the Finance Assistant would inform them of the reduced cost.
- d) if the only discrepancy on the three way match is an increase in price of 1% or £1, whichever is higher, no further action is required by the Budget Holder but the Finance Assistant would inform them of the additional cost.
- e) if the only discrepancy on the three way match is in relation to VAT no further communication is required with the Budget Holder as this has no impact on the charge to their budget.
- f) if there is any other form of discrepancy on the three way match the Budget Holder should be consulted but can agree any changes by e-mail, which will be kept and filed with the invoice and purchase order so that there is an audit trail.

5.6.2 Where goods received were short delivered or defective in some respect, this must be clearly noted on the invoice so that payment is not made until either a credit note is received or the delivery rectified.

5.6.3 When inspection copies of books are received, the Budget Holder must either enter an order on Elementary and pass the invoice directly to the finance office for payment (if they decide to keep the books) or send the goods back to the supplier within the stated time. Proof of postage should be obtained and this, together with a copy of the invoice, should be sent to the finance office in order to avoid future problems.

5.6.4 Non-order invoices are entered directly into the Purchase Ledger following authorisation by the Budget Holder and counter signature by a Governor in accordance with 5.4.4 above.

5.6.5 The Finance Assistant reviews the purchase ledger on a regular basis and selects invoices for payment. It is the policy of PKAT to pay all invoices by the due date and also to take advantage of any discounts available for early settlement where this is to the PKAT's advantage. Invoices are not paid early as a matter of course.

5.6.6 Payment is only made when the following checks have been made by the Finance Assistant:

- (a) goods or services have been received and checked to the order and the Budget Holder has not alerted them to any discrepancy as per 5.5 and 5.6.1;



- (b) expenditure has been properly incurred and payment has not already been made;
- (c) prices agree with quotations, tenders, contracts or catalogue prices and arithmetic is correct;
- (d) VAT has been properly accounted for;
- (e) the invoice has been correctly coded; and
- (f) discounts have been taken where applicable.

## **5.7 Purchasing - BACS**

5.7.1 This is the preferred payment method as it is the most efficient. The following procedures are followed when a BACS payment is produced:

- (a) all BACS payments are signed by two of the authorised signatories;
- (b) all supporting documentation (i.e. official order, delivery note, quotations and invoice) is available to the signatories;
- (c) the BACS signatories check the supporting documents and that the purchase order has been authorised by the Budget Holder and any difference between that and the invoice have been authorised by the Budget Holder by e-mail.
- (d) no payment will be made on a photocopied invoice unless exhaustive checks have been made to confirm that payment has not previously been made. Confirmation that such checks have been made is to be recorded by the Finance Manager writing on the invoice 'Copy - not previously passed for payment' and signing.
- (e) in no circumstances will payment be made against statements;
- (f) all documentation is filed by the Finance Assistants. Invoices are filed in "Paid Invoices" e-files in supplier number order on the PKAT Finance Team Area. A copy of the payment journal is uploaded separately in journal number order.

## **5.8 Purchasing - Cheques**

5.8.1 The following procedures are followed when a cheque is signed:

- (a) all cheque payments are signed by two of the authorised signatories;
- (b) all supporting documentation (i.e. official order, delivery note, quotations and invoice) is available to the signatories;
- (c) the cheque stub should include the invoice number or reason for payment and the initials of both signatories.
- (d) all cheques drawn are crossed as 'account payee only' to avoid the possibility of improper negotiation of cheques;

- (e) the cheque signatories check the supporting documents and that the purchase order has been authorised by the Budget Holder and any difference between that and the invoice have been authorised by the Budget Holder by e-mail. One signatory should sign by the amount on the cheque stub to denote the amount has been checked and is correct.
- (f) in no circumstances will any cheque signatory sign a blank cheque subject to a second signature;
- (g) no payment will be made on a photocopied invoice unless exhaustive checks have been made to confirm that payment has not previously been made. Confirmation that such checks have been made is to be recorded by the Finance Manager writing on the invoice 'Copy - not previously passed for payment' and signing.
- (h) in no circumstances will payment be made against statements;
- (i) all documentation is filed by the Finance Assistants. Invoices are filed in "Paid Invoices" e-files in supplier number order on the PKAT Finance Team Area. A copy of the payment journal is uploaded separately in journal number order.

5.8.2 Cheques which remain unrepresented after six months are unlikely to be honoured by the Bank. These should be "written back" before the end of the financial year. A further payment should be made only if the payee makes a request.

## **5.9 Purchasing - Direct Debits**

5.9.1 The original Direct Debit Authorisation Form is subject to the same procedures as in the payment of invoices by cheque. A copy is filed in the direct debits file. Purchase Orders should not be raised as SAGE cannot accommodate them with this payment method.

5.9.2 The monthly Direct Debit notices/invoices are stamped with the payment grid and signed by the Budget Holder to authorise payment.

5.9.3 The monthly Direct Debit notice/invoice is entered into the cash book. The exception being the credit card direct debits which are entered in the purchase ledger as an invoice. The payment run is then processed as a Direct Debit payment.

5.9.4 The Direct Debit notices/invoices are filed in the appropriate part of the PKAT Finance Team Area.

5.9.5 A copy of the payment journal is filed separately in journal number order.

## **5.10 Purchasing - Petty Cash**

5.10.1 Petty cash is recorded on the SAGE Finance system from the petty cash vouchers by a Finance Assistant. All mileage claims made by staff are paid by BACS or cheque.

5.10.2 Procedures relating to petty cash are as follows:

- (a) payments from petty cash are only made on production of a till receipt or other certification that payment has been made, which details what has been

purchased – a credit or debit card slip is not sufficient. A photograph is acceptable.

- (b) Claims cannot exceed £50 in value, based on the value of claims submitted together. However, in exceptional circumstances, the Business Manager can authorise payments up to £100. Vouchers are subject to the same authorisation procedures as internal requisitions. They are authorised for payment by the Budget Holder, or if it is a Budget Holder to be reimbursed, their Line Manager;
- (c) If an item purchased may also have personal use the following steps need to be adhered to before a purchase is made:
  - i. Demonstrate that the purchase represents value for money, this is most easily done by obtaining alternative pricing, website prints are acceptable
  - ii. Ensure all available discounts have been obtained such as Perkbox or shops/websites giving DofE discounts if that is the purpose of the purchase
  - iii. If you wish to spend more than is Value For Money by school standards you make claim up to this value as a contribution
  - iv. If you have specific circumstances that mean you need something over and above what is usually required, this should be discussed with the budget holder and requires SLT approval before the purchase is made, evidence of which should accompany the claim form
- (d) the petty cash float should not exceed £500, and is kept in the safe when not in use;
- (e) no personal cheques are cashed;
- (f) the petty cash float is reimbursed by transferring cash takings on SAGE that would otherwise have been banked or by a cheque drawn on the Trust's bank account. Receipt of the reimbursement is confirmed by signature;
- (g) Sub-petty cash floats, held by Community Learning, are maintained as imprests. Written confirmation is held by the Finance Manager of the balance of these floats. These are checked termly.

5.10.3 Regular spots checks are carried out on all floats held in school and discrepancies reported to the Business Manager and Finance Manager

## **5.11 Purchasing - Staff Expenses**

5.11.1 Travel cost refunds are paid at rates determined by the .

5.11.2 All claim forms are subject to the same controls as invoices.

5.11.3 Travel expenses are refunded by BACS if staff have provided their bank details or cheque.

5.11.4 HMRC require the deduction of mileage normally travelled from home to school from the mileage travelled when the travel takes place on a normal working day. The same ruling applies to return journeys.

5.11.5 The refund of staff expenses may have tax implications. The CFO should be consulted before payments are processed.

5.11.6 All home to school travel expenses are taxable and are paid through the Payroll.

5.11.7 Interview expenses are paid if the applicant is unsuccessful by manual cheque and entered directly into the nominal ledger on the SAGE Finance system. Documentation for manual cheques issued is stored on the PKAT Teams Finance Area.

## 6. Payroll

- 6.1. All appointments, terminations and salary levels are formally approved by each LGB, or a Committee thereof with delegated authority. PKAT staffing matters are approved by the Trustees, or Committee thereof with delegated authority.
- 6.2. PKAT has a contract with Education Personnel Management Ltd (EPM) for the provision of personnel and payroll services. The terms of the contract include dealing with matters such as contracts of employment and processing the payroll on behalf of the Trust.
- 6.3. Authorisation of appointments, terminations and amendments must be made by the LBG Chair or the school Business Manager, for PKAT the chair of Trustees or COO must approve.
- 6.4. The board of Trustees must ensure that their decision making about levels of executive pay follow a robust evidence-based process and are reflective of the individual's role and responsibilities.
- 6.5. All PKAT staff are paid on a monthly basis (first to the last day of the calendar month) and are paid on the 22<sup>nd</sup> of each month or, should the 22<sup>nd</sup> fall on a weekend or a bank holiday, the closest working day preceding it.
- 6.6. EPM have been advised who they can accept instructions from and that they must not accept instructions from an individual in respect of their own remuneration.
- 6.7. Forms claiming for additional hours and taxable travel expenses (e.g. part-time staff who travel to school for a parents' evening on a non-working day) should be completed, authorised by the line manager for the role/activity being claimed for and authorised by the budget holder if this not the same person as the line manager. Finally, the form should be taken to the Finance Office before the designated deadline in each month.
- 6.8. At JHS where claims are part-funded by Pupil Premium monies, e.g. Saturday Schools, authorised claims will be held until an electronic register (this does not include a scanned copy of a handwritten names as this is not always decipherable) of the pupils who attended has also been sent to the CFO. This enables accurate recording of Pupil Premium funding.
- 6.9. Teaching staff should note that it is permitted to pay claims relating to only one month in any one payroll period. This rule is designed to ensure that you do not pay a higher pension contribution rate. It is not possible to opt out of this rule.
- 6.10. Non-statutory deductions from staff salaries are only made on receipt of their written instructions. Child care vouchers are deducted as the staff member's act of signing up on line constitutes authority to deduct.
- 6.11. For JHS and PKAT staffing contract changes and starters/leavers information are entered on the EPM web portal by the HR administrator. A copy of the portal paperwork is signed by the Business Manager or Chairman and forwarded to the

Finance Manager for calculation of salary adjustments and checking against payroll reports.

- 6.12. EPM issue pre-run validation reports for checking and authorisation by each school. Discrepancies are reported to EPM for correction. Once all discrepancies have been resolved authorisation to run payroll is given via the web portal by a nominated person, for example for JHS by the Finance Manager or DCFO, or as cover Business Manager.
- 6.13. Payslips and P60s are available to staff by using EPM's E-payslips web portal. If staff leave without downloading copies, or they failed to download them from their legacy school within three months of the conversion date copies can be purchased from the appropriate Finance Team at £2 per payslip and per 2017-18 P60. Copies of other years' P60s are £5 as they have to be sourced via EPM and that is the charge they make. If EPM increase their charges the rate will reflect this.
- 6.14. The payroll related statutory returns are made by EPM on behalf of PKAT.
- 6.15. PKAT makes every effort to comply with the requirements of the General Data Protection Regulation.

## 7. Assets and Inventory

- 7.1. Items of equipment, software licences and improvements to the buildings or grounds costing more than £2,000 are deemed to be fixed assets, either tangible or intangible, and are acquired using capital monies.
- 7.2. Fixed Assets are charged to the Balance Sheet when purchased and expensed to the Income and Expenditure account over their useful economic life in the form of depreciation or amortisation. All categories will be depreciated or amortised on a straight line method. Rates are as follows:
- |                                |                 |
|--------------------------------|-----------------|
| 7.2.1. Land                    | None            |
| 7.2.2. Freehold Buildings      | 25 to 100 years |
| 7.2.3. Fixtures and Fittings   | 3 to 10 years   |
| 7.2.4. Furniture and Equipment | 3 to 10 years   |
| 7.2.5. Computer Equipment      | 3 to 5 years    |
- 7.3. For practical safekeeping of all assets, each school will maintain Inventory lists. JHS and the Trust will include items of equipment costing greater than £500 or items classed as “desirable” for each Cost Centre. These lists should be checked and signed by the Budget Holder on an annual basis. Discrepancies should be dealt with as losses as detailed below.
- 7.4. Primary schools will include items of equipment costing greater than £200 or items classed as “desirable”.
- 7.5. All items of equipment are permanently and visibly security marked and, if possible, locked away when not in use.
- 7.6. Items of equipment may not be removed from school premises unless as part of a school visit and should be returned at the earliest opportunity.
- 7.7. All disposals of assets must be authorised by the relevant budget holder and Business Manager. Disposals above £5,000 should be approved by the LGB. The LGB should minute their approval of all disposals. When the disposal is significant, the sale should be made through a competitive tendering procedure. Any sold assets should be processed by the generation of a sales invoice, treating income and expenses gross not net.
- 7.8. For non-significant asset disposals, if a member of staff expresses an interest in purchasing an asset that has been deemed surplus to requirements and therefore to be disposed of, evidence of the market value of the item must be sought and retained to ensure that the School does not subsidise the member of staff. Staff may partake in competitive tenders for significant disposals but must not form part of the assessment panel.
- 7.9. A record of the disposal must be made on the inventory list, together with details of authority.

## **7.10. Leasing Arrangements**

- 7.10.1. LGB or a committee thereof, must approve all leasing and hiring arrangements.
- 7.10.2. CFO must retain a central copy of all lease agreements to ensure correct accounting.

## **7.11. Losses**

- 7.11.1. All losses are to be reported to the appropriate Business Manager. The Business Manager informs the police if the loss is a result of burglary or theft and the insurance company is informed at the same time. Action is taken immediately to prevent further loss. The Business Manager will inform the Finance Manager to process an insurance claim, if appropriate.
- 7.11.2. The Business Manager maintains a record of all losses and insurance monies received.
- 7.11.3. If the Business Manager deems a loss has occurred through the negligence of the Budget Holder, the Budget Holder will be required to repay to the school the cost of the item lost on the following scale:
  - (a) Items lost within 1 year of purchase – 100% of the cost
  - (b) Items lost between 1 and 2 years since purchase – 80% of the cost
  - (c) Items lost between 2 and 3 years since purchase – 60% of the cost
  - (d) Items lost between 3 and 4 years since purchase – 40% of the cost
  - (e) Items lost between 4 and 5 years since purchase – 20% of the cost
  - (f) Items lost more than 5 years since purchase 5% of the cost

## **7.12. Insurance**

- 7.12.1. The adequacy of insurance will be reviewed annually by the Trustees and tenders will be run at least once per three years.
- 7.12.2. The COO will take the lead on procuring insurance, including consideration of the Risk Protection Arrangement but information will be required from each school to ensure that correct cover is in place.
- 7.12.3. The COO will retain a master copy of the documentation.
- 7.12.4. The insurers must be notified by the COO of all new risks, property and equipment which require insurance or any alteration affecting existing insurance on a timely basis. This relies upon Business Managers at each school making timeous reports to the COO.
- 7.12.5. PKAT will not provide indemnity to a third party without the written consent of their insurers, arranged via the COO.
- 7.12.6. PKAT will as soon as is practicable inform its insurers of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under an



insurance policy are authorised by the appropriate Headteacher prior to submission to the insurance company.

7.12.7. Insurance arrangements cover the use of PKAT property when off the premises.

7.12.8. PKAT must cooperate with risk management issues raised by auditors.

## **8. Income**

- 8.1. The use of ParentPay to accept payments from parents by credit or debit cards means that cheques are not an acceptable form of payment from parents.
- 8.2. The CFO will work with each Finance Manager to ensure that the correct funding is obtained from the ESFA, reporting any queries as they arise.
- 8.3. The CFO will work with each Finance Manager to ensure that the correct funding is obtained from the Local Authority, reporting any queries as they arise.
- 8.4. Letting of JHS facilities:
  - 8.4.1. All lettings of School equipment and facilities must be in accordance with the School's Lettings Policy. Free use and charges below economic cost are not permitted, unless specifically agreed by the Governing Body.
  - 8.4.2. The Lettings Officer considers all enquiries and discusses with the Business Manager any proposed deviation from 'Standard Rates' before granting a booking. Letting 'Standard Rates' are subject to an annual review by the Finance Committee.
  - 8.4.3. Lettings are reviewed annually. The maximum period for any letting is limited to thirty-six months.
  - 8.4.4. Letting procedure is as follows:
    - a) all hiring of school equipment and facilities will be recorded on the letting planner and diary kept by the Lettings Officer;
    - b) the hirer must complete the Lettings Application form and will be issued with 'Conditions of Hire' agreement. In the event of an occasional booking or short-term let, a deposit may be required.
    - c) Sales invoices are issued monthly, raised by the Lettings Officer, cross-referencing against the lettings planner and diary. VAT should be charged according to CFO advice. The Community Education Receptionist or the Lettings officer receipts all monies received and the Lettings officer enters them onto the SAGE Finance system.
  - 8.4.5. All receipts are banked intact by the Lettings Officer.
- 8.5. **JHS Donations toward Music Lessons & Instrument Hire**
  - 8.5.1. The level of charges are agreed each year by the Headteacher and the Head of Music.
  - 8.5.2. In September each year, the Head of Music obtains from parents a signed agreement detailing the music lessons to be provided and the hired instrument (if applicable). The curriculum administrator for Music shall notify the Finance Assistant of charges and students to be entered in ParentPay at the start of each term for payment by the subsequent half term.
  - 8.5.3. Receipts are available to parents on ParentPay for both card payments and cash received in the school shop by the Finance Officer.

8.5.4. Summary transactions are entered onto SAGE by a member of the Finance Team.

8.5.5. Reminders are sent out on a regular basis to ensure prompt payment of the fees.

## **8.6. Misc Income**

8.6.1. Requests for invoices are received by the JHS Finance Officer for invoicing on behalf of all schools. Items can include the following:

- a) supply cover for examination boards, initial teacher training or careers funding
- b) charges to parents for damage to buildings or equipment
- c) reprographic charges to outside bodies (e.g. partner primaries / hirers / personal copying)
- d) ICT service charge to primary schools

8.6.2. VAT is charged in accordance with guidance from the CFO.

## **8.7. Fund-raising Events**

8.7.1. It must be made clear before funds are raised which charity is to be the beneficiary. In JHS a Charity Event Form must be completed and signed off by the school charity co-ordinator.

8.7.2. It is the responsibility of the event organiser to control income prior to the monies being paid into the finance office, which is done as soon as possible.

8.7.3. The Finance Staff will count the monies and inform the event organiser of the amount raised. The cash is prepared for banking at the earliest opportunity.

## **8.8. School Trips**

8.8.1. Trips required by the curriculum are accounted for in the main account and form part of the Department's budget bid.

8.8.2. Trips that supplement but are not essential to the curriculum are accounted for in the Trading Account and are not subsidised by the main account except to the extent that Pupil Premium funding or sixth form bursary is eligible. If a trip is to be supported by 50% or more of main account funding, then it should be accounted for in the main account and associated with the funding source.

8.8.3. To ensure that the trip is fully funded a Trip Toolkit Calculator must be completed and signed off by a member of the Finance Team before the trip is approved.

8.8.4. All monies for school trips are either paid on line by card by parents/carers using ParentPay or by cash in the school shop by the students. Receipts are available through ParentPay for both card and cash payments.

8.8.5. Payments are entered into the SAGE Finance system in the appropriate company at a summary level with the detail remaining on ParentPay. Budget

reports can be obtained from the Elementary Web Portal at any time by the trip leader and participant lists can be provided for the trip leader when requested.

- 8.8.6. All receipts are prepared for banking intact by the Finance staff.
- 8.8.7. Refunds of deposits or full payments must be authorised by the trip leader after consideration of whether the space can be filled and if not how that impacts on the trip finances. Payments received through ParentPay will be refunded through ParentPay and payments received in cash will be made using a cheque, hence authority to refund needs to include a note of who the cheque should be made payable to.
- 8.8.8. All expenditure in connection with trips is subject to the same procedures as other expenditure.
- 8.8.9. At the conclusion of each trip the Finance staff will ensure all income and expenditure has been accounted for. The trip leader will be notified by e-mail if the trip has resulted in a surplus or deficit and its value, the Finance Manager and Business Manager will be copied into the e-mail.
- 8.8.10. If the surplus at the end of an excursion is greater than £10 per student a ParentPay refund or cheque refund will be made. If a surplus is less than £10 per student the surplus will be entered into the support fund for use for students.
- 8.8.11. If a deficit has arisen then monies in that Department's support fund can be used to cover it. If no such fund exists or is less than the deficit the trip leader must apprise the Headteacher of how the deficit arose to determine how it will be covered.

## **8.9. Bad Debts – Lettings & Others**

- 8.9.1. Statements will be sent to outstanding debtors at the end of each month.
- 8.9.2. Any outstanding debtor over one month overdue will be sent a letter with a further statement explaining that should payment not be received within another month then the contract will be terminated.
- 8.9.3. In the event of no agreement being reached or no payment being received in the time specified, the Business Manager will terminate the agreement
- 8.9.4. Bad debts will be referred to the Business Manager by the Finance Manager who is permitted to write-off debts under £2,000, informing the LGB of the action. Debts between £2,000 and £5,000 require the approval of the LGB, which should be minuted.
- 8.9.5. The LGB is only authorised to write off debts up to £5,000, larger debts must be referred to the Trustees with regard to AFH section 3.4.

## **8.10. Bad Debts – Peripatetic Music Lessons**

- 8.10.1. Statements will continue to be sent at the end of the month
- 8.10.2. The Peripatetic Music Lesson Agreement as signed by the parents states the invoices, which are issued at the start of each term shall be paid by the corresponding half term.

8.10.3. Any outstanding debts at half term shall incur cancellation of lessons. The finance staff shall inform the Music Curriculum Area Leader of any outstanding debts who will inform the parents of any cancelled lessons.

8.10.4. Bad debts shall be referred to the Business Manager for write off procedure as above.

#### **8.11. Bad Debts – Community Learning**

8.11.1. ParentPay payment items are made available for payment at the end of each term / half term for payment within one week of the beginning of term / half term.

8.11.2. Statements will continue to be sent monthly statements.

8.11.3. Outstanding debts will be chased by the Lettings Officer.

8.11.4. Any outstanding debtor over one month overdue will be sent a letter with a further statement explaining that should payment not be received within another month then the lessons will be cancelled.

8.11.5. Bad debts shall be referred to the Business Manager for write off procedure as above.

## 9. Bank and Cash holding

- 9.1. The cash position will be managed to avoid going overdrawn.
- 9.2. Bank and other control accounts will be reconciled at least once a month at month end. The COO will provide an independent review of the bank reconciliation
- 9.3. Guidance on investments is to be developed.
- 9.4. Investments may only be made with Trustee approval.
- 9.5. The PKAT bank facilities, initially authorised by the Working Group when PKAT was being established, may be varied only with Trustee approval. There are currently two interest bearing current accounts held at Lloyds Bank plc, Stamford Branch. The details are as follows:
  - 9.5.1. Account number 23778368 in the name of Peterborough Keys Academies Trust.
  - 9.5.2. Account number 25008060 in the name of PKAT Trading.
- 9.6. No overdraft facility has been agreed.
- 9.7. Two signatories are required on all PKAT accounts.
- 9.8. The CFO will order cheque books when required.
- 9.9. All cash and cheques received will be recorded either against the SAGE sales invoice or on ParentPay at the earliest opportunity.
- 9.10. Cash and cheques are locked in a secure safe prior to banking to safe guard against loss or theft. All cash banked is to be recorded on paying-in-slips. Cash can be retained to reimburse petty cash floats or to purchase foreign currency for school trips. In these instances, the banking should be entered on SAGE gross and cash book payments entered to reflect the retention(s).
- 9.11. Cash and cheques are collected weekly by a secure cash collection service from JHS and TPS and deposited at the bank. The current level of insured cash on each site is £5,000. If it looks the limit will be exceeded, then an additional collection should be arranged.
- 9.12. PKAT has a number of charge cards with Lloyds to facilitate making purchases that cannot be secured via the normal ordering and payment process, for example the ordering of goods and services over the internet. All of the usual procedures are to be followed prior to payment; this includes the raising and authorising of orders by the appropriate budget holder.
- 9.13. The table of limits and authorities will include a list of authorised cardholders and respective card limits. Local Governing Body authority is required to alter the roles holding cards and/or individual credit limits. Finance and Audit Committee approval is required to increase the overall PKAT credit facility.

- 9.14. Under no circumstances can a card issued to one named individual be used by another colleague. Further, whilst a cardholder is entering card details on to a website, or giving details over the phone to a supplier, they should ensure other colleagues can neither see nor hear the details.
- 9.15. It is the responsibility of the cardholder to submit documentation for each transaction to the appropriate Finance Manager for recording and reconciling purposes. Transactions relating to Purchase Orders do not require any further signatures. In the rare circumstances where a Purchase order has not been created the documentation must be signed by the budget holder and full coding provided. Any transactions not supported by paperwork will be reimbursed to PKAT by the cardholder, unless exceptional circumstances prevail and the Business Manager agrees no reimbursement is required. If this occurs too frequently, the CFO will recommend to Trustees that the card be withdrawn.
- 9.16. The bank has made the charge cards contactless in line with current banking practice. Card holders are advised not to use this facility. Regardless of whether this facility is used or not the conditions of the preceding paragraph remain extant.
- 9.17. The CFO will liaise with the bank regarding issue and cancellation of cards.
- 9.18. Loyalty cards such as Nectar points and Tesco Clubcard will only be held in the name of PKAT, or a PKAT school, and will be registered on the table of limits and authorities.

## 10. Audit

- 10.1. The ESFA has right of access to audit Academies.
- 10.2. External auditors have been appointed by the Members to audit the yearend accounts in accordance with DfE guidance.
- 10.3. Re-appointment will be made using a tendering procedure once every three years.
- 10.4. The Finance and Audit Committee has appointed Internal Auditors to assist Management and Trustees in seeking more in depth assurance than External Auditors are able to provide.
- 10.5. The CFO will be the main point of contact for auditors agreeing timings of visits and ensuring unfettered access to relevant PKAT records. Finance Managers must endeavour to facilitate this requirement.
- 10.6. The CFO can expect the support of colleagues in all schools across PKAT to be able to provide the auditors with required information.
- 10.7. A PKAT Whistleblowing policy has been published. Hospitality polices are maintained at school level. A Risk Management policy will be developed.

### 10.8. Disclosure

10.8.1. Audited accounts must include disclosure of individual payments made over £5,000 within the following categories, the CFO will maintain a register of such:

- 10.8.1.1. Gifts made by PKAT
- 10.8.1.2. Writing off debts and losses
- 10.8.1.3. Guarantees, letters of comfort and indemnities
- 10.8.1.4. Special payments – compensation
- 10.8.1.5. Special payments – ex gratia
- 10.8.1.6. Acquisition of a freehold of land and buildings
- 10.8.1.7. Disposal of heritage assets
- 10.8.1.8. Taking up a leasehold on land and buildings
- 10.8.1.9. Granting a leasehold on land and buildings

10.8.2. The following category must be disclosed in total, and individually:

- 10.8.2.1. Special payments – staff severance, of any value.



## 11. Instances Requiring Secretary of State for Education Approval

- 11.1. Approval is in most cases delegated to the ESFA to act on the SoS behalf
- 11.2. Annex C: Schedule of requirements in the AFH clearly sets roles and responsibilities and includes a section on delegated authorities notably requiring permission to:
  - 11.2.1. make novel, contentious and/or repercussive transactions
  - 11.2.2. make ex gratia payments
  - 11.2.3. pay the non-contractual/non-statutory element of a staff severance payment of £50,000 or more gross
  - 11.2.4. pay the non-contractual/non-statutory compensation payment of £50,000 or more
  - 11.2.5. write amounts off or enter into liabilities, consider detail in section 3.4 of AFH if over £45,000
  - 11.2.6. acquire freehold land or buildings
  - 11.2.7. dispose of freehold land or buildings
  - 11.2.8. enter into finance leases (these are a form of borrowing)
  - 11.2.9. enter into a leasehold or tenancy agreement on land or buildings for a term of seven years or more
  - 11.2.10. enter into any form of borrowing except for using credit cards for business use
  - 11.2.11. Make payments to related parties exceeding £20,000 as per sections 3.10.5 and 3.10.6 of AFH
- 11.3. Any instances of fraud or theft above £5,000 against PKAT whether by employees, trustees or third parties must be reported to the ESFA. Additionally, any unusual or systemic in nature frauds should be reported to the ESFA.

## 12. Glossary

Balance Sheet	A prescribed way of presenting the assets, liabilities and reserves of an organisation at a particular point in time. This will highlight if liabilities exceed assets. Depending on the level of detail the reader may also be able to determine how liquid the assets are.
Cashflow Statement	A prescribed way of presenting the movements of money in and out of the organisation over a period of time. It can be an early warning sign if all movements are out but the scenario could also be the reduction of reserves to a more acceptable level.
Financial Accounts	Statutory format for presenting financial transactions, includes Balance Sheet and Cashflow Statement
Financial Year End	The DfE/ESFA has set this for Academies as 31 August, in line with academic years.
Imprest	Describes the method of running a petty cash system starting with a float and periodically reimbursing back up to that level to cover issues made.
Liquid assets	This is how quickly an asset can be used to settle liabilities. Cash is the most liquid whereas monies owed by debtors is the least as although credit control can be exercised it is somewhat beyond the control of the organisation as to when payment will be received.
Management Accounts	Organisations design reports which help them to manage their particular business. PKAT has initially opted to continue with the CFR format used when the schools were under LA control but this can be developed overtime.
Statement of Financial Activities	A prescribed way of presenting the income and expenditure and other recognised gains and losses (predominantly pension accounting adjustments) over a period of time.

### 13. Acronyms

AAD	Academies Accounts Direction
AFH	Academies Financial Handbook
AO	Accounting Officer
BFR	Budget Forecast Return
BFRO	Budget Forecast Return Outturn
CEO	Chief Executive Officer
CFO	Chief Finance Officer
COO	Chief Operating Officer
DfE	Department for Education
ESFA	Education and Skills Funding Agency
GH	Governance Handbook
JHS	Jack Hunt School
LA	Local Authority
LGB	Local Governing Body
LGPS	Local Government Pension Scheme (for non-teaching staff)
LPS	Longthorpe Primary School
MPS	Middleton Primary School
PCC	Peterborough City Council
PKAT	Peterborough Keys Academies Trust
RPS	Ravensthorpe Primary School
SoFA	Statement of Financial Activities
TPS	Thorpe Primary School or Teachers' Pension Scheme
VFM	Value For Money