



BATH & WELLS
Multi Academy Trust

'That they may have life, life in all its fullness' John 10:10

Bath & Wells Multi Academy Trust
Finance Policy

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1. Introduction

This Finance Policy applies to all Schools within the Bath & Wells Multi Academy Trust.

The policy has been approved by the BWMAT Trustees and will be reviewed annually by the Finance & Audit committee to report back to the Board that it is still relevant and up to date. The future review will be recorded in the Minutes of the Finance & Audit Committee and the BWMAT Trustees meetings.

These policies are supported by the following documents:

- a) DfE Academies Financial Handbook
- b) Bath and Wells BWMAT - Authority to act
- c) Bath and Wells BWMAT - Scheme of delegation
- d) PS Financials user guides

The Trusts Financial control is primarily driven by the DfE Academies Financial Handbook as well as accounting in line with UK GAAP, the DFE accounts direction and charities SORP.

2. Organisational Control Structure



3. Risk Management

This will be reported and managed using risk registers, there will be a two-tiered approach to the maintaining of risk registers within the BWMAT both at Hub and at a central trust wide organisational level.

Level 1

Each Hub will hold their own risk register, this will detail any school specific risks. The Hub level risk register will also act as the performance dashboard.

A termly review should take place at the Hub level, by the ADLA to review this register and ensure it is up to date and that relevant measures are in place to mitigate the risks.

Level 2

A BWMAT wide risk register will be held, this will not include the school specific risks unless they will have a direct impact on the ongoing operations of the BWMAT.

An example would be risks around school performance and school improvement which may impact the financial viability of the continuing operations of the school and have a detrimental impact on the whole Trust; this would appear both on the Hub and the BWMAT risk registers.

4. Business Continuity

A business continuity plan needs to be in place both at school level and for the BWMAT Central Team.

This needs to be reviewed on a periodic basis to ensure it is still relevant to the school or location.

5. Review and Feedback of Financial Control

The BWMAT has two mechanisms of reviewing and feeding back findings on financial control to the BWMAT Trustees.

Firstly, this will be via the External Audit process which takes place during the Autumn Term. This process is to validate that the statutory accounts present a true and fair view of the Trusts financial position for the previous academic year.

Secondly, through an internal control review commissioned by the Finance & Audit committee. This takes the form of a number of internal control checks to ensure that the financial activity is happening in line with agreed policies and procedures.

An annual programme will be agreed and implemented to cover an internal Audit function over the Academic year; there will also be the opportunity to flex this if key areas of concern are raised, using an external party to carry out this activity for the committee.

Reports giving the findings from both of the above parties will be reported back through to the BWMAT Trustees via the BWMAT Finance & Audit Committee

6. Segregation of Duties

Key to the control within the BWMAT is to ensure that the systems and processes are set up in such a way to ensure that any single transaction that ultimately leads to payment requires at least two people to enable it to be actioned.

This is primarily controlled through system profiles and segregation of duties. With a basic principal of an administrator role inputting the transaction and a budget holder role authorising the transaction for payment.

The segregation is primarily controlled through system defined roles (see appendix A), with an Administrator and Budget Holder role at each location. The central support team have additional access to the school based roles, primarily around master data, payments and bank reconciliations; this introduces an additional layer of control within the process.

Due to the size of the central team, 2 members require universal access to the system, to ensure the ability to continue to operate and cover key staff absences; this universal access only applies to PSF and does not extend to the ability to make any payments via the bank software in isolation.

7. Budgetary Controls

Three-year income & expenditure budgets are compiled for each school on an annual basis (see appendix B); this includes individual school budgets as well as the BWMAT central budget to cover central support costs, set up budgets and a consolidated BWMAT budget.

A total school expenditure budget will be allocated to each school at the beginning of the budgetary cycle, prepared by the CFO and approved by the Central Senior Leadership Team.

School detailed budgets are to be prepared in the first instance by Headteacher in each school, supported by their Hub Business Manager.

These will be subject to review and recommendation for approval by the schools LGB.

Central Support and start up budgets will be prepared by the Central Finance team

All budgets will be reviewed in the first instance by the Schools Finance Manager, Chief Financial Officer and relevant RDLA.

These budgets will then be submitted to the BWMAT Audit & Finance Committee in the first instance followed by review and approval by the BWMAT Trustees.

8. Expenditure Outside of Approved Budget

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Budget Holders are only approved to authorise expenditure within agreed budgets in line with the Academy Expenditure matrix (see Appendix C1). For any expenditure, outside of this LGB approval should be sought along with BWMAT SLT approval, via the Expenditure outside of Budget process.

There are instances where the Budget holder can spend outside of the agreed budget and not require LGB or BWMAT SLT approval (see Appendix C2).

Failure to follow the **expenditure outside of budget** policy will result in Financial Support Measures being triggered, this will involve a 4-stage approach;

Stage 1 – Notification of non-adherence to process issued to the Headteacher and LGB, detailing the required remedial action.

Stage 2 – Continued non-adherence resulting in a meeting with the Schools Finance Manager and CFO.

Stage 3 – Management instruction will be issued by the CEO notifying the LGB and Headteacher that continued non-compliance will result in removal of their delegated financial authority

Stage 4 – Removal of the Headteachers and LGB delegated financial authority and an interim arrangement put in place.

The finance IT system controls that prevent expenditure over budget have been deliberately switched off, hence only a warning is displayed rather than a block on posting.

The reason for this is that the budget and actual expenditure are likely to be on different profiles; hence this control is manual, and relies upon:

- a) The School Finance Administrator reviewing expenditure before submitting purchase orders and non-order invoices for authorisation
- b) Tight review of the Management Accounts to identify overspends YTD and what the projection is for year end.

9. Purchase to Payment for the Supply of Goods and Services

9.1 Procurement Policy

The BWMAT has a procurement policy which defines the process required for the purchase of all goods and services dependant on the value being procured (see Appendix D). This ranges from requiring a full tender process through being able to use new or established suppliers without the need for quotations, if they are considered reputable.

9.2 Tender and Quotation Procedure

In securing best value for money (VFM) it is essential to have robust and transparent policy and procedures around the procurement process.

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In line with this the BWMAT Board have deemed the limits within Appendix D, to ensure that appropriate controls are in place by specifying the use of reputable suppliers at a competitive price.

To ensure transparency for any tenders/quotations received, all documentation including covering emails etc. should be reviewed and signed off by at least two parties within the school. Additionally, a summary of the reasoning behind each choice should be detailed and attached to the relevant quotations. This pack should be available for audit review purposes.

When considering VFM it is deemed that it is not just about the price but also about the delivery of the right service to the organisation.

9.3 Authorisation of Expenditure

All controllable expenditure should go through a purchase order (PO) process; via the web based workflow authorisation for approval by the appropriate budget holder.

Once the good or service has been received the Finance Administrator 'goods receipts' this against the relevant PO.

Any invoices relating to purchase orders that have been goods receipted can be paid without further authorisation.

Any invoices relating to purchase orders that have not been goods receipted cannot be processed until the Goods Receipt has been updated on the Web Portal.

9.4 Non-Order Invoices

Any Invoices without PO cover needs to go through the appropriate authorisation workflow; which requires the appropriate budget holder to authorise that this non-order invoice can be paid; this is completed via their secure web portal access.

For any expenditure that is not controllable a Purchase order is not required, this includes the following types of expenditure:

- Rates
- Rent
- Utilities
- Staff /Trustees and Interview expenses
- Some consultancy that is difficult to define upfront the hours that will be used

9.5 Payment Authorisation

All payments made will involve a minimum of two people in the transaction, one to instigate the payment and another to authorise.

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For all payments, the control is deemed to be at the front end of the process, via the raising and proper authorisation of the purchase order along with the subsequent goods receipting or invoice authorisation to confirm that the goods/services have been delivered to a satisfactory standard.

For all non-order invoices, these will go through an additional review process to understand the nature of the spend is in line with the expectations in this category. These invoices will have to be authorised via a web based workflow authorisation process, so will not be available to pay unless properly authorised.

All the above will be pulled in a weekly supplier payment run by the Finance Assistant in the BWMAT central support team; and then authorised by either the Technical Finance Manager or the Chief Financial Officer.

The central team will perform a sample check of invoices within the payment run. This will be done by reviewing the attached copy of the invoice.

The payment authorisation and transmission are controlled via user profile access restrictions to the BACs and Bankline software.

9.6 Purchasing Card

Each school has a purchasing card allocated to a few key individuals, namely the Headteacher, the Finance Administrator and potentially a Deputy or Site Manager. The card is for use by the cardholder only and should not under any circumstances be shared with another member of staff.

The standard limits are, though this may vary to suit individual school needs:

Headteacher/Principal	£2000
Finance Administrator and others	£1000

The card is for school purchases only and should under no circumstances be used for personal expenditure.

The card and associated PIN should be kept in a secure place by the cardholder and any loss reported immediately to the central support team.

This card can be used to make purchases where the standard Purchase Order process is not appropriate, mainly in relation to procuring goods via the internet that offer better VFM than standard credit account suppliers.

A monthly statement is issued to the card holder. A return should be completed detailing the expenditure with receipts attached to support the expenditure (VAT receipts where appropriate). This return should be authorised by the budget holder, and expenditure entered onto the Finance system by the school Finance Administrator.

The Budget Holders Credit Card statement and associated receipts should be reviewed and signed off by either a BWMAT Director or the Schools LGB Chair.

Use of the Procurement cards will be monitored centrally.

9.7 Petty Cash

Each school location has a petty cash facility this can be up to a maximum of £500.

The school Finance Administrator is responsible for the security distribution and record keeping tracking both income and expenditure. Any distribution of petty cash should be authorised by the budget holder, and signed as received by the recipient.

Petty Cash should be used for incidental expenses up to the maximum value of £50, for times such as:

- Refreshments for the staff such as tea, coffee etc.
- Postage
- Miscellaneous items of stationery

A monthly return should be completed on the finance system to detail and cost the activity against the petty cash book.

The system balance at the end of the month should reconcile to the cash balance on the tin. The Finance Administrator should print a copy of the system balance and detail for the month and sign this to confirm the system/tin balance.

This should then be checked and countersigned by the Budget Holder.

Petty cash will be subject to periodic review by the central support team, hence all records should be kept up to date and entered onto the finance system on a weekly basis.

9.8 Expenses

Expenses payable to staff/Governors and BWMAT Trustees will be paid via a separate ledger; these will be paid on a monthly basis.

These expenses should be submitted on the appropriate form and have supporting receipts attached, along with details of the reason for the expenditure; and should be authorised by the appropriate budget holder.

A budget holder cannot authorise their own expenses, hence this need to be countersigned by their line manager ie Chair of BWMAT Trustees, CEO, RDLA or LGB Chair.

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There is not a system authorisation process for Expenses, hence this is manual and paper based. The authorised form should be attached to the transaction on the finance system to enable this to be paid.

Payment is made weekly by the Central Support team at which point a sample of expenses will be checked. This sample will always include checking of any expenses for Budget Holders and Administrative Support staff

For full details on allowable expenses see the Employee Expenses Policy.

Approval of Expenses & GPC Statements (under COVID conditions)

In certain circumstances it may not be possible to gain a written signature to authorise an Expense claim or GPC statement.

If no signature can be obtained, please request an email to state that the attached expense/GPC statement is 'OK TO PAY'.

This email should then be saved onto PSF along with the forms as proof of authorising payment.

10. Debt Recovery

The BWMAT will take all reasonable measures to collect debts. A debt will be written off only after all reasonable measures have been taken to recover it.

The Trustees consider that appropriate recovery action will depend upon the level of and nature of the debt and those procedures will vary depending upon the income source as follows:

- Pupil related – e.g. school meals, trips and activities and
- Employee related - e.g. salary overpayment
- Commercial – e.g. supply of services and lettings

A record of all actions taken in the recovery of debt must be maintained and provided to the BWMAT Technical Finance Manager, this will be in the form of a debt recovery record which is saved in **SHAREPOINT / BWMAT Templates/Finance**.

10.1 Types of Debt

Pupil Related Debt

All income is collected in advance, wherever possible. Costs of trips and activities will be notified to parents/carers in writing with costs and fees being clearly communicated, issuing invoices where applicable. Notification should be given as soon as possible to give reasonable time periods for payment.

School will implement a policy of stopping the child from attending sessions if payment is not received.

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If the parent/carer does not make payment from the initial notification the following steps should be followed:

Step	Action	Timeline
1	Gentle reminder letter to be issued, this should specify a date for monies to be paid.	Issued as soon as the monies become overdue.
2	Personal contact by telephone or a meeting – a date needs to be specified for payment to be received.	As soon as the deadline is reached in stage 1
3	Formal reminder letter	As soon as the deadline is reached in stage 2
4	Final Reminder Letter – notice of legal escalation	As soon as the deadline is reached in stage 3
5	Any unpaid debt should be referred to the BWMAT Technical Finance Manager - dependant on the circumstance a Legal letter may be issued	

Employee Overpayments

Every effort should be made to ensure that employees are paid correctly. The payroll should be managed monthly with payroll being reviewed and errors notified to the payroll provider before the final payroll is submitted.

In the event that an overpayment is identified and the employee is still employed by the BWMAT the following steps need to take place:

Step	Action	Timeline
1	Attempt to recall the Bacs payment from the bank	Immediately upon receipt of the final payroll report
2	If the amount cannot be recalled via the Bank, the school must contact the employee request an immediate repayment.	Immediately upon receipt of confirmation that the BACs cannot be recalled.
3	A meeting should be set up to discuss the repayment.	Within 1 week
4	A follow up letter to confirm the repayment agreement.	Within 1 week

In the event that an overpayment is identified and the employee is NOT currently employed by the BWMAT the following steps need to take place.

Step	Action	Timeline
1	Attempt to recall the Bacs payment from the bank	Immediately upon receipt of the final payroll report
2	Letter 1 - should be sent to the ex-employee requesting repayment of the debt.	Immediately upon identification of the debt

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3	Letter 2 – Formal Reminder offering a repayment plan if financial difficulty.	2 weeks later
4	Letter 3 – Final Reminder, threat of legal action	2 weeks later
5	<p>Failure to recover the debt will result in this being added to a list of Bad Debtors. The Technical Finance Manager will assess the viability of recovering the debt and put a recommendation to the CFO to either write off or recover the debt via the small claims court.</p> <p>Authorisation for write off will be in line with the write off limits in Appendix E of this policy.</p>	Within 2 weeks

If settlement is agreed at any of these stages a follow up letter should be issued to confirm agreement regarding the repayment.

Commercial income

Income will be collected in advance of services provided wherever possible. Invoices will be raised through the PSF and payment is requested in full within 30 days of being issued.

- Stage 1 (4 weeks from date of invoice) Informal reminder letter
- Stage 2 (6 weeks from date of invoice) Formal reminder letter
- Stage 3 (8 weeks from date of invoice) Final reminder letter, threat of legal action

10.2 Failure to settle a debt

Any debt unpaid after the final reminder letter has been issued will be referred to the BWMAT Technical Finance Manager.

A letter will be sent to the debtor by recorded delivery and will threaten legal action if the account is not settled within 14 days. Any additional recovery costs incurred by the Trust will also be pursued.

Legal advice may be sought from the Trust’s lawyers (Taylor Culshaw) through the BWMAT Technical Finance Manager; where appropriate a Legal letter will be issued indicating recovery action will be initiated through the county court (where appropriate).

The CFO will make a recommendation as to the suitability of this course of action taking into consideration the value of the debt and the proposed legal fees.

This decision and its basis will be recorded and reported to the Finance & Audit Committee.

10.3 Repayment terms

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Debtors are expected to settle the amount owed by a single payment, however, if debtors are unable to pay for reasons of hardship, the Trust will take a sensitive approach to debt recovery and may agree an extended repayment period.

The Technical Finance Manager will approve all such agreements entered into and a record of the decision made will be retained.

In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment. The settlement period should be the shortest that is judged reasonable. Where a legal letter has been issued the repayment arrangements will be agreed between the party concerned, the Technical Finance Manager and the lawyers. This decision and its basis will be recorded and reported to the Finance & Audit Committee

10.4 Debt Write-Off

All write offs need to be in line within the restrictions and recommendations as stated in the Academies Financial Handbook.

Any amounts for write off will be submitted by the Technical Finance Manager to the CFO for approval. The submission needs to include the amount to be written off and the reason for the write off, supported by the actions taken to attempt to recover the amount.

This recommendation will be submitted to the BWMAT Senior Leadership Team, Trustees and EFA for authorisation where applicable; the relevant sign off and referral for approval is dependent on the value being recommended for write off (see appendix E).

Write offs should only take place after careful appraisal of the facts, including whether all reasonable action has been taken to affect the recovery from the debtor.

10.5 Reporting of outstanding debt levels

The Technical Finance Manager will ensure that the level of outstanding debt is regularly monitored. The Finance & Audit Committee will review the level of outstanding debts at regular committee meeting to determine whether this level is acceptable and whether action to recover debts is effective.

11. Cash

11.1 Cashflow Management

Cashflow monitoring will be maintained and updated monthly, alongside the monthly bank reconciliation process.

11.2 Cash Handling

The BWMAT is committed to removing as much cash as possible from being dealt with in school, as part of this we promote the use of software that enables parents to make payments on line, and enables the school to effectively monitor payments.

In situations where cash is used there are key processes that need to be followed:

- a) All cash transactions should involve more than one person at school,
- b) When counting large sums of cash in relation to fund raising events outside of normal educational activities, 2 employees/governors should be involved to validate the takings.
- c) In the interest of employee safety the schools should avoid banking on the same day
- d) If an employees physical safety is threatened when performing banking, and they are held up and asked to hand over cash, the employees safety is the primary importance and the cash should be handed over.

Where schools have separate unofficial funds – for example a governors fund

- a) Procedures should be put in place around Governors Funds specifying that the income is paid into the MAT's bank account
- b) All statements and bank paperwork are sent direct to the School.
- c) All income should be paid into the bank account immediately.
- d) The Governing Body should adopt a document for the Governors Fund that details how the funds can be used, who has access, and the decision making process to ensure that the fund is used and administered in an appropriate manner
- e) All events should be individually reconciled to include receipts, income and expenditure to provide transparency and confirm the final profit and income to be paid into the bank
- f) The Governing Body should be provided with updates on the account including the balance and any transactions completed at each relevant Committee meeting.

12. Additional Balance Sheet Controls and Reconciliations

The following key accounts will be reconciled monthly

- a) Bank Reconciliations
- b) Accruals
- c) Prepayments
- d) Deferred Income
- e) Payroll Control Accounts

The full balance sheet will be prepared and reconciled on a half year basis.

These will be reviewed and countersigned by either the Technical Finance Manager or Chief Financial Officer.

13. Asset Management

All expenditure against several key expenditure accounts will be reviewed on a quarterly basis to assess whether the items need to be capitalised.

The appropriate asset will be created and depreciation run against this in line with the Statutory Accounting policies.

A sample of these assets will be audited on a periodic basis, to validate their existence.

See 15.14 for details of the thresholds for capitalisation.

14. Use of Reserves

Each school's reserves will be detailed at the end of the academic year by Fund.

To access these reserves, unless budgeted in the current year, the school need to complete an "Expenditure outside of Budget" form for authorisation by Headteacher, LGB and BWMAT SLT,

15. Accounting policies for Statutory Accounts Purposes

The following Accounting policies are in line with the Academies Accounts Direction 2019, they have been updated to reflect specific reference and treatment by the Bath & Wells Diocesan Academies trust and they will form part of the body of the statutory Accounts.

15.1 Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2018 to 2019 issued by EFA, the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

15.2 Going Concern

The BWMAT Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

15.3 Incoming Resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

15.4 Grants Receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income.

Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable or entitlement is known with reasonable certainty; these are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

15.5 Sponsorship Income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

15.6 Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

15.7 Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

15.8 Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the

appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust 's policies.

15.9 Transfer of Property upon Conversion

The basis for measurement of property transferred as part of any academy conversions will be what is a fair value, being a reasonable estimate of the property that the Trustees would expect to pay on an open market for an equivalent item.

One of the two following methods can be used:

- I. Property valuation supplied by the DfE
- II. A suitable percentage of the insurance valuation will be used, ranging from 65 to 100% depending on the age and condition of the property being transferred.

15.10 Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

15.11 Costs of Generating Funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

15.12 Charitable Activities

These are costs incurred on the academy trust's educational operations.

15.13 Governance Costs

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These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

15.14 Tangible Fixed Assets

Tangible assets costing £2000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. This threshold applies to a group of assets as well as assets bought individually.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life.

The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures, fittings and equipment	7 years
ICT equipment	3 years
Motor Vehicles	5 years
Buildings	50 years
Buildings improvements	15 years

Assets during construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

15.15 Leased Assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

15.16 Investments

The academy's shareholding in the wholly owned subsidiary, The Bath & Wells Education Services Ltd (previously Nurseries Ltd), is included in the balance sheet at the cost of the share capital owned.

15.17 Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

15.18 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

15.19 Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are

obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on

settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

15.20 Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education

15.21 Reserves

The BWMAT Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The policy of the Board is that the Academy plans to spend the majority of its revenue income each year on the students in its care; but also, to maintain a level of free reserves that will be adequate to provide a stable base for the continuing operation of the Academy whilst ensuring that excessive funds are not accumulated. The level of reserves required will be reviewed each year by the Board. The recommended target level of reserves for each school is 7% with any reserves outside of this level having a justification reviewed and approved by the BWMAT Trustees via the Finance & Audit Committee. For schools that have a reserve level much higher or lower than the target level, a detailed review of whole school performance will be undertaken and an individual target given to the school.

The Trustees expect that the Trust overall level of reserves will not drop below 5%.

These free reserves are held for the investment in buildings, smooth any change in pupil led funding and to provide for any unforeseen liabilities. These reserves will provide a cushion to deal with unexpected emergencies such as urgent maintenance, as well as sums that are set aside from this each year for planned replacement of capital items such as ICT infrastructure etc. The reserves can also be used to undertake any change management processes that are required to realign expenditure to future income levels.

15.22 Investments

The BWMAT Trustees are firmly committed to ensuring that all funds under their control are administered under a risk adverse investment strategy. As such the Board do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board.

Due to the nature of the funding cycle, the Academy may at times hold large cash balances which may not be required for immediate use. The Board have authorised the opening of a cash pooling scheme which encompasses all the Academy current accounts, this sweeps excess funds daily into a special interest-bearing account, taking advantage of higher interest rates.

Banking arrangements will be reviewed annually to ensure that the Trusts pooled resources are generating the best return without incurring any potential risk.

Appendix A**System defined roles**

Role 1 – Schools Administrator	
Assigned to	School Finance Personnel
Software Accessed	'Accounting' system and the 'Web Portal' - school specific
Role Profile	They can do all the main day to day operational activities including the following: <ul style="list-style-type: none"> a) Raise Purchase Orders b) Goods receipt c) Input invoices d) Enter Petty Cash Income and Expenditure e) Enter employee expenses f) Raise Sales Ledger invoices g) Enter Income h) Run Reports and queries

Role 2 - Schools Budget Holder Access	
Assigned to	Headteacher /Principal and selected member of the School Leadership Team
Software Accessed	Web portal
Role Profile	This access is limited to their specified school activity, it allows the following: <ul style="list-style-type: none"> a) Authorisation of Order and Non-Order Invoices b) Running a limited number of reports and queries

Appendix A
System defined roles (cont.)

Role 3 - Central Support Team Administrator Access	
Assigned to	Central Support Team Finance Administrator
Software Accessed	'Accounting' system and the 'Web Portal' for all schools and central locations
Role Profile	<p>They can do all the main day to day operational activities for all schools, including the following:</p> <ul style="list-style-type: none"> a) Create Customer and Supplier Master records* b) Raise Purchase Orders c) Input invoices d) Enter Petty Cash Income and Expenditure e) Enter employee expenses f) Raise Sales Ledger invoices g) Enter Income h) Generate and post payment runs* i) Upload payment runs to the BACs software ready for authorisation* j) Run Reports and queries k) Generate and post journals* l) Change Purchase Orders <p>*These items are additional to the School Administrator access.</p>

Role 4 - Central Support Team Budget Holder (Group 1)	
Assigned to	CEO
Software Accessed	Web Portal only for central cost centres
Role Profile	<p>The access of these individuals is like the school Budget Holder in that their access is limited to the web portal and only allows the following:</p> <ul style="list-style-type: none"> a) Authorisation of Order and Non-Order Invoices b) Running a limited number of reports and queries

Appendix A
System defined roles (cont.)

Role 5 - Central Support Team Budget Holder (Group 2)	
Assigned to	Chief Finance Officer and Technical Finance Manager
Software Accessed	'Accounting' system for all schools and the 'Web Portal' for authorisation of the central location transactions.
Role Profile	<p>These individuals have access to perform both the Central Support Team Administrator role and the Group 1 Central Support Team Budget Holder access, as well as having the ability to set up and amend the following</p> <ul style="list-style-type: none"> a) Chart of accounts and all associated master records b) All Purchase orders c) All Documents d) Authorise payments on the BACs software e) Complete Bank reconciliations

Role 6 – Assistant Accountant	
Assigned to	Assistant Accountant within the Central Team
Software Accessed	'Accounting' system for all schools and the 'Web Portal'
Role Profile	<p>This is an additional role set up within the central support team and has the following attributes</p> <ul style="list-style-type: none"> a) The same access as the Central Support Team Budget Holder Group 2 with one exception; b) This role cannot authorise payments on the BACs software, they have input access only

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Appendix B**Budgetary Cycle**

Activity	Owner	Timeframes
Allocate total expenditure budget to each school	CFO	Mar
Initial annual Budget prepared by Schools	Headteacher	Mar/April
Review and recommended for approval by School LGB	SFM	May
Budget Consolidation and initial review	SFM / CFO	May
Review by BWMAT RDLA/CFO/Schools Finance Manager	SFM	June
Recommended budgets put forward to Finance & Audit Committee	CFO	July
Review and Approval by Finance & Audit Committee	F&A	July
Review & Approval by BWMAT Trustees	F&A	July
Submission of Budgets to EFA	TFM	31 st July
Budget Upload to the Finance System	TFM	Aug
Monthly Management Accounts reviewed	Headteacher / Finance Support <u>Chair of Trustees to review consolidated management accounts</u>	Monthly
Quarterly Accounts Report – reviewed by Audit & Finance Committee	F&A	Quarterly +1 month
Quarterly Accounts submitted for review and approval by the BWMAT Trustees	F&A	Quarterly +2 month
Quarterly review of any material movement on yearend outturn	F&A	Quarterly +2 month
Half Year Revised Budget process	SFM	Feb/Mar

Appendix C

C1. Academy Expenditure – Within Approved Budget

Expenditure Type	Restriction	Authority	Reviewed and agreed by
Establishment - Teaching and Non-Teaching	Up to Leadership grade	Headteacher	RDLA
Establishment – Leadership			RDLA / BWMAT SLT
Supplies and Services	Up to £5,000	Headteacher	
Supplies and Services	£5001 up to £25,000	Headteacher	LGB
Supplies and Services	Over £25,000	Headteacher	LGB / CFO

C2. Academy Expenditure

Budget Holder Authorisation outside of Approved Budget

There are instances whereby a Budget holder can spend outside of the approved budget, this will be in the following circumstances and only where the overall surplus /deficit remains unchanged or is favourable to the originally approved budget.

The following tables details the instances where a budget holder can approve expenditure outside of the approved budget without obtaining any further approval.

For all the following, this overspend should be clearly shown in the monthly management accounts and detailed in the narrative provided to the LGB, to clearly show where the relevant over and underspends compensate for each other and are in line with the following table.

Expenditure Type	Allowed overspend	Authority
Premises costs	The budgets set for reactive and planned maintenance are interchangeable, if any overspend on one is compensated for by the underspend on the other.	Headteacher
Other - Non-Staff Expenditure NB this excludes the use of any specific school improvement budget	If any overspend in one area is compensated for by another underspend in the other non-staff expenditure codes - up to a maximum of £5000 in total for the academic year, anything above this needs to be approved by the LGB and BWMAT Trustees. This expenditure needs to be in line with the school development plan	Headteacher

Appendix D

Procurement Matrix

Procurement Value	Process
Below £5000	No written quotation required but use of a *Reputable Supplier is required.
Between £5,000 - £25,000	A minimum of 3 quotations will be obtained. An assessment matrix should be completed to detail the decision-making process for selection to demonstrate VFM If it is not feasible to obtain 3 quotations due to non-response, specialism of the item being procured or the limitations on the timeframes for procurement a procurement waiver form should be completed and authorised by the Chair of the LGB and countersigned by the CFO
Over £25,000 – up to EU Threshold	A minimum of 3 quotations/tenders will be obtained agreed with the CFO; to be presented to the Finance & Resources Committee for information.
Supplies or Services – above EU threshold (Note 1)	EU Procurement Directives (Supplies and Services) apply and open, restricted or negotiated processes are followed
Works – above EU threshold (Note 2)	EU Procurement Directives (Works) apply and open, restricted or negotiated processes are followed

EU Procurement Thresholds

	Supplies and Services	Works
1 January 2018	£181,302	£4,551,413
1 January 2016- 31 December 2017	£164,176	£4,104,394
1 January 2014- 31 December 2015	£172,514	£4,322,012

The value is exclusive of VAT and is based on the Whole Life Cost of any contract.

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*Definition of a Reputable Supplier - This area is left deliberately open to enable the school to achieve the best VFM that it can whilst operating in an appropriate manner when selecting a supplier for goods & services.

Most importantly any related or connected parties /relationships must be fully disclosed only selected if in accordance with the Academies Financial Handbook, any associated member of staff/LGB should not be part of the decision of selecting the supplier or provide them with information that may give the supplier an unfair advantage.

A reputable supplier can range from a Sole Trader to a Registered Company; an understanding of the supplier's status and legitimacy should be checked with company's house where possible, and references obtained where possible.

The school should ensure it has sight of the relevant paperwork to confirm that the supplier has the proper qualifications and insurances to perform the task required and trade membership where applicable (i.e. Gas, electrical, windows).

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Appendix E

Write off Policy Thresholds

Write off Value	Authorisation Required
A single transaction up to £1000 Cumulative transactions up to £5,000 in any one financial year per category of transaction	CFO
A single transaction over £1,000 Cumulative transactions above £5,000 in any one financial year per category of transaction	Finance & Audit Committee
A single transaction over £45,000	EFA Approval

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Appendix F

Glossary

Reference	Description
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DLA	Director of Learning & Achievement
RDLA	Regional Director of Learning & Achievement
LGB	Local Governing Board
SFM	Schools Finance Manager
TFM	Technical Finance Manager
BWMAT SLT	Bath & Wells Multi Academy Trust Senior Leadership Team - CEO/CFO/DLA/Director of HR/Director of Operations
F&A	Finance & Audit Committee
DfE	Department for Education