



MAT Financial Policies and Procedures

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Body Responsible for Review:	Finance & Audit Committee

This Financial Policies and Procedures Document details the policies and procedures that apply to all employees of the Trust, the Board of Directors, and Local Governing Bodies regarding the Trust's financial affairs.

This document should be read in conjunction with other finance related policies, particularly the:

- Reserves Policy;
- Investment Policy;
- MAT Staff Expenses Policy;
- Donations Policy;
- Directors Expenses Policy; and
- MAT Whole Staff Whistleblowing Policy.

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Summary of Authorisation Limits:

The Trust's Authorisation limits are listed separately in the Trust's Delegation of Financial Authority (DoFA) in Appendix A.

The table below is supplementary to the Delegation of Financial Authority. Where applicable, all monetary values shown in the table include irrecoverable VAT.

	Limits / Thresholds
A. Committing expenditure / credit notes for schools	
Headteacher	Up to £10,000
Headteacher plus one additional signatory: MAT CEO / Chief Financial Officer	Over £10,000
B. BACS, Direct Debit, Standing Orders and External Bank Account Transfers / Faster Payments	
Authorisation by MAT Business and Finance Manager/Officer and Chief Financial Officer for all online banking bank transactions	In accordance with bank mandates
Two bank signatories including direct debits and standing orders (from minimum of 3 named people)	In accordance with bank mandates
C. Procurement procedure for non-payroll transactions	
2 Competitive quotations	≥ £2,500 and < £5,000
3 Competitive quotations	≥ £5,000 (written evidence required and retained)
Tendering procedure	≥ £50,000 for period of contract
Tendering procedure + FTS	£189,330 for supplies and services (OJEU April 2021 rate)
Tendering procedure + FTS	£4,733,252 for works (April 2021 rate)

	Limits / Thresholds
E. Writing off bad debts and disposal of stock and assets	
Headteacher	Up to £500 per academic year for single items no more than £100
MAT Finance & Audit Committee	Up to £15,000
MAT Board	Amounts totalling no more than £45,000 in any single academic year
MAT Board with ESFA explicit prior approval	Amounts totalling more than £45,000 in any single academic year
Written approval from ESFA for land / buildings freehold or heritage assets above funding agreement	
F. SLAs / Contract Signatories (incl. lease agreements)	
Headteacher (after following commitment approvals and advice from the MAT)	In accordance with Table 1 of Appendix A - DoFA
G. Payroll and Pension	
Support staff additional / casual hours (in line with approved budget)	In accordance with Table 1 of Appendix A - DoFA
Teaching staff additional hours / claims (in line with approved budget)	
Additional hours / claims (in excess of approved budget)	
Starters, leavers and contract amendments (in line with approved budget)	
H. Staff Severance or Compensation Payments	
MAT Board / Chair	Up to £50,000 (non-statutory / non-contractual)
HM Treasury via ESFA (and the Board)	Over £50,000 (non-statutory / non-contractual)

	Limits / Thresholds
I. Asset Register / Inventory	
Capitalisation threshold	Individual items equal to or greater than £1,000 (for assets with a useful life ≥ 12 months)
Attractive portable items	Individual items equal to or ≥ £250
J. Fraud / Theft of Any Funds	
Report to Trust Board and Local Governing Body	Up to £5,000
Report to the Education and Skills Funding Agency (via Trust Board)	Over £5,000
K. Related Party Transactions	
Approval from the Education and Skills Funding Agency (via Trust Board)	Contracts over £40,000
L. Mileage Allowance (subject to budgetary limits)	
	HM Revenue & Customs approved rates
M. Petty Cash / Expenses Reimbursement	
Cheque encashment limit	Prohibited
Petty cash reimbursement (cash)	Prohibited
Staff expense reimbursement (excluding Headteacher)	In accordance with Table 1 of Appendix A - DoFA
Headteacher expense reimbursement (in line with approved budget)	Up to £1,000 approval by the Local Governing Body (LGB) Chair
Headteacher expense reimbursement (in excess of approved budget)	LGB Chair together with CEO approval in accordance with Table 1 of Appendix A - DoFA
N. Safe Cash/ Cheque Limits	
	Per DfE's Risk Protection Arrangements policy

1. GENERAL

- 1.1 In accordance with the **Academy Trust Handbook, Education and Skills Funding Agency (ESFA)** updates, the **Criminal Finance Act** and the **Nolan Seven Principles of Public Life**, the Board of Directors of St Edmundsbury and Ipswich Diocesan Multi Academy Trust (the MAT / Trust) has established a formal policy for the overall management of the Trust's budgets and the day-to-day management of the Trust's financial affairs.
- 1.2 The purpose of this document is to ensure that the Trust's schools maintain and develop systems of financial control that conform to the requirements of both propriety and good financial management. It is essential that these systems operate properly to meet the requirements of the funding agreement with ESFA.
- 1.3 The Trust must comply with the principles of financial control outlined in the academies guidance published by the ESFA. This document expands on that and provides further information on the Trust's accounting procedures and systems. It is mandatory that this document be read and understood by all employees of the Trust and Directors and school governors involved with the Trust's and School's financial procedures and affairs.
- 1.4 The general conditions that follow are subject to regular review and approval by the Board of Trustees (the Board), who must formally minute both the review and any subsequent amendments to this document and its approval.
- 1.5 The Board confirms that failure to observe these conditions could be considered a serious matter and may involve disciplinary procedures being implemented for serious breaches.
- 1.6 The Board confirms that the financial management of the Trust is delegated to the Chief Executive as the Accounting Officer, subject to exceptions contained in this document.
- 1.7 Delegation to the Headteacher shall imply further delegation to the Deputy Headteacher /Assistant Headteacher when the Headteacher is unavailable.
- 1.8 Whilst the main financial responsibilities are listed for the Board, the Finance & Audit Committee and Local Governing Body, their specific terms of reference are not included in this document. Similarly, all the financial duties of the MAT's financial staff are not listed but may be found in their job descriptions.

2 DAY-TO-DAY DELEGATION OF FINANCIAL AUTHORITY

2.1 Expenditure Limits

- 2.1.1 The expenditure limits are as documented in **Appendix A - Delegation of Financial Authority** and supplemented further with the Summary of Authorisation Limits shown in the table preceding section 1. School expenditure is permitted up to the limits defined in approved school budgets.
- 2.1.2 For clarity, all references to monetary values are shown in respect of the total commitment made / discharged and must be authorised accordingly. For example, an annual license billed in instalments must be authorised based on the total license value.

2.2 Bad Debts

- 2.2.1 Where there is no prospect of receiving full payment or where the cost of recovery exceeds the debt owed, the school may elect to write off the debt as a bad debt in accordance with the limits specified in Appendix a - Delegation of Financial Authority. Such actions must be recorded and forwarded to the Chief Financial Officer for recording on the financial accounting system after relevant notification and approval have taken place.
- 2.2.2 For any write offs above the value in the annual funding letter, authorisation will be required from the ESFA.

2.3 Disposal of Surplus Stock, Stores and Assets

- 2.3.1 Where there is no prospect of selling items, the school may dispose of surplus stocks, stores and assets in accordance with the limits specified in the Summary Authorisation Limits. Such actions must be recorded and sent to the Chief Financial Officer for recording on the financial accounting system after relevant notification and approval and have taken place.

2.4 Receiving of Goods / Acknowledgment of Service

- 2.4.1 The receipt of goods and signing of delivery notes will not in normal circumstances be undertaken by the person(s) with responsibility for authorisation. For day-to-day operations, therefore, receiving and signing for goods and services etc. must be by either the administrative staff in reception or caretakers who are not involved in the authorisation process. Delivery notes must be matched to orders on the financial accounting system.

3 ORGANISATION / GOVERNANCE

The Board has defined the responsibilities of each person involved in the governance and administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors, governors and staff. The financial reporting structure is illustrated below:

3.1 The Board of Directors

3.1.1 The Board has overall responsibility for the governance and administration of the Trust's finances.

3.1.2 The main responsibilities of the Board are prescribed in the Funding Agreement between the MAT and the ESFA. The main responsibilities include:

- ensuring that grant from the ESFA is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the CEO and the Chief Financial Officer;
- approval of the annual accounts; and
- approval of the Governors' Annual Report.

3.1.3 Apart from the above, the Board delegates all other financial matters to the MAT's Finance & Audit Committee and to the school's Local Governing Body according to the Trust Delegation of Responsibility Checklist.

3.2 The MAT Finance & Audit Committee

3.2.1 The Finance & Audit Committee is a sub-committee of the Board and meets in accordance with its own terms of reference, that contains details of responsibilities authorised by the Board. Those responsibilities include:

- i. Initial review and authorisation of the annual budget - final approval must be made by the Board.
- ii. Receiving regular management reports, to facilitate the monitoring of the MAT's actual financial performance compared with budgeted priorities and cashflow, and to take remedial action as necessary. Such action should be reported to the Board; in all cases liaison must be maintained with other appropriate committees.
- iii. Reviewing and monitoring of budget projections / medium term financial plans to ensure the budget is realistic and any financial decisions are sustainable.
- iv. Ensuring the annual accounts and other ESFA returns are produced in accordance with the requirements of the Companies Act 1985 and Companies Act 2006 and the ESFA guidance issued to academies.
- v. Authorising changes to the staffing establishment for sponsored schools.
- vi. Apart from the annual budget which must be approved by the Board, approval of cashflow forecasts and any other reporting requirements for the forthcoming financial year in accordance with the timescales dictated by the Academy Trust Handbook / ESFA updates.
- vii. Determining the MAT's financial priorities through the MAT's Business Plan.

- viii. Making decisions on requests from Local Governing Bodies and Headteachers that will have an impact on the MAT's financial position.
- ix. Carrying out recommendations from the Board that will have an impact on the MAT's financial position.
- x. Making decisions on expenditure within the Committee's delegated powers.
- xi. Reviewing annually the MAT's Financial Policy and Procedures.
- xii. Reviewing annually the Terms of Reference of the Finance & Audit Committee.
- xiii. Ensuring the Register of Conflict of Interests is kept up to date.
- xiv. Annually reviewing all on going contracts.
- xv. Reviewing the various leasing agreement schemes and options available to the MAT.
- xvi. Monitoring **all** spending and income received in the MAT.
- xvii. Ensuring that funding from the ESFA and other sources is used only in accordance with any conditions attached.
- xviii. Receiving and commenting on the content of any audit report relating to ESFA funding and monitoring the implementation of the agreed action plan. These reports must also be reported to the Board.
- xix. Annually reviewing and appointing the independent external auditor to the MAT and ensuring all schools have appropriate internal financial controls in place and adhere to the policies and procedures as set out within the Academy Trust Handbook and ESFA updates.
- xx. Annually reviewing and appointing an independent internal auditor to perform internal scrutiny for the MAT and ensuring the MAT has an appropriate Internal Audit Plan in place, that internal scrutiny is appropriately undertaken in accordance with the Plan and that adequate management actions are undertaken to remediate any resulting findings.

3.3 The Chief Executive Officer (CEO) and Accounting Officer

3.3.1 The CEO has overall executive responsibility for the MAT's activities including financial activities in its schools and is the designated Accounting Officer, responsible to Parliament.

3.3.2 Accounting Officers have a personal responsibility for:

- the propriety and regularity of the public finances for which they are answerable
- keeping proper accounts
- prudent economical administration
- avoidance of waste and extravagance
- effective and efficient use of all the resources in their charge

3.3.3 In practice, while much of the financial responsibility has been delegated to the Chief Financial Officer, Local Governing Body and Headteachers, the CEO still retains responsibility for:

- signing the MAT's annual Governance Statement, jointly with the Chair of the Board (see latest Academy Accounts Direction);
- signing the MAT's annual Statement of Regularity, Propriety and Compliance (see latest Accounts Direction) and other returns as required by the ESFA – e.g. Budget Forecast Return;
- signing the MAT's Best Value Statement;
- approving new staff appointments within the central MAT's authorised establishment; and

- signing cheques / authorising BACS payments and authorising contracts centrally procured contracts in accordance with Appendix A - Delegation of Financial Authority.

3.4 The Chief Financial Officer (and Company Secretary)

3.4.1 The Chief Financial Officer works in close collaboration with the CEO through whom he or she is responsible to the Board of Directors. The Chief Financial Officer has direct access to the directors via the Board and through the Finance & Audit Committee.

3.4.2 The main responsibilities of the Chief Financial Officer regarding financial management are:

- the day-to-day management of financial compliance and advice across all the schools including the establishment and operation of a suitable accounting system;
- the management of the MAT's budget and cash position at a strategic and operational level within the framework for financial control determined by the Board;
- systems administrator role for the financial accounting system across all the academies;
- set up bank accounts as per the Board's instructions and act as systems administrator for online banking;
- management of financial activity between the MAT and its academies;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records;
- lead officer for external audit liaison;
- preparation of regular management accounts;
- financial returns to the ESFA and complete claims for ESFA grants;
- HMRC claims and returns for VAT, Gift Aid and Corporation Tax;
- arranging central procurement and payments;
- ensuring compliance with the Financial Policy and Procedures and implementing agreed actions from the Finance & Audit Committee;
- ensuring that any funds received from endowments and legacies are received from ethical sources; and
- completing due diligence checks of prospective schools joining the MAT

3.4.3 This should be achieved by a planned annual programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as set by the Board. A report of the findings from each review visit should be presented to the Finance & Audit Committee.

3.5 The Responsible Officer (externally sourced)

3.5.1 The academy has decided to not appoint a Responsible Officer from the Board; instead checks on internal financial controls are commissioned from external sources for full independence. The checks provide the Board with an independent oversight of the MAT's financial affairs.

3.5.2 The main duties are to provide the Board with independent assurance that:

- the financial responsibilities of the Board and Local Governing Bodies are being properly discharged

- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained
- financial considerations are fully considered in reaching decisions.

3.5.3 This should be achieved by a planned annual programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as set by the Board. A report of the findings from each review visit should be presented to the Finance & Audit Committee.

3.6 The Local Governing Body

3.6.1 The Local Governing Body will have financial responsibilities delegated to it via the Trust Delegation of Responsibility Checklist.

3.6.2 The main responsibilities regarding financial management are:

- implement the MAT's Financial Policies and Procedures and authorise expenditure within the limits set out in Appendix A - Delegation of Financial Authority;
- scrutinise the individual school's initial draft annual budget and recommend it to the Board;
- review and monitor income and expenditure against budget plans and act where necessary;
- review annual pay recommendations for school teaching and support staff salary increases in line with the Pay Policy, other than for a Headteacher, which must be approved by the Board; and
- ensure that the school uses all its funding appropriately in accordance with the ESFA's requirements (Master Funding Agreement).

3.7 Business Manager / Finance Officer

3.7.1 The main financial responsibilities are:

- complete financial tasks in accordance with the MAT's instructions and School Financial Policies and Procedures;
- day to day execution and management of the school's financial transactions for income and expenditure, ensuring they are proper, authorised and up to date on the financial accounting system;
- ensure income is banked promptly and that debtors are chased;
- assistance with bank reconciliations;
- checks of monthly payroll reports to commitments and minimise errors; and
- regular reporting of the academy's financial position to the Headteacher, Local Governing Body and Central MAT.

3.8 Headteacher

3.8.1 The main financial responsibilities are to:

- appoint staff;
- setting and adhering to an agreed and balanced budget;
- recommend performance related pay increases to the school's Pay Committee;

- authorise expenditure, write off debts and stock disposal within agreed limits;
- update the Local Governing Body regularly on the school's financial position; and
- ensure that financial controls are operated in the school as per the MAT's Financial Policies and Procedures.

3.9 Other Staff

3.9.1 Other members of staff may have some financial responsibilities, and these are detailed in the following sections of this document.

3.9.2 All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the MAT's Financial Policies and Procedures.

3.10 Conflict of Interests

3.10.1 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make.

3.10.2 To avoid any misunderstanding that might arise, all school governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services.

3.10.3 Further details are included in the MAT's Conflict of Interests Policy, but the main responsibilities are:

- annual capture of the register of conflict of interests of directors, governors and staff;
- annual register and any interim updates to be published on the school's website; and
- declarations must also be made and minuted at each meeting of the Board, the Finance & Audit Committee and Local Governing Body.

4 ACCOUNTING SYSTEM

4.1 Financial Transactions

4.1.1 All financial transactions of the Trust must be promptly recorded on the Trust's nominated financial accounting systems.

4.2 System Access

4.2.1 Entry to financial systems must be password restricted

4.2.2. The Chief Financial Officer is responsible for implementing a system which ensures that user passwords are updated on a regular basis (e.g. termly), whilst also ensuring access levels granted to users are appropriate.

4.2.3 The Chief Financial Officer is also responsible for allowing access by designated employees to authorised levels only.

4.2.4 The academy must ensure that passwords for accessing accounting systems are not shared and any breach by an employee could result in disciplinary action.

Note: password reset requests can be sent to the Systems Administrator.

4.3 System Back-up Procedures

4.3.1 PS Financials and IMP (currently the Trust's principal nominated financial accounting systems) are cloud-based financial software. Data is stored and hosted externally by third parties who undertake regular backups.

4.4 Transaction Processing

4.4.1 Transactions must be recorded promptly and daily, to ensure financial systems are up to date across the MAT at any given point in time.

4.4.2 Expenditure transactions entered into the accounting system (i.e. PS Financials) must be authorised in accordance with the procedures specified in this Policy. The procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in later sections of this document.

4.4.3 Journals to transfer expenditure should be checked with the Chief Financial Officer before processing.

4.4.4 Detailed information on the operation of systems may be found in the guidance manual and online help within the Trust's nominated accounting systems.

4.5 Reconciliations and Balances

4.5.1 The school's Business Manager is responsible for ensuring that the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- control and clearing accounts
- purchase ledger control
- sales ledger control

4.5.2 Any unusual or outstanding reconciling items older than 3 months must be brought to the attention of the Chief Financial Officer who should review and recommend appropriate action.

5 FINANCIAL PLANNING AND REVIEW

5.1 Financial Plans

- 5.1.1 The MAT Finance team must prepare and monitor both medium term (3 years) and short-term (1 year) financial plans.
- 5.1.2 The medium-term financial plan is prepared as part of the development planning process. The development plan indicates how the school's educational and other objectives are going to be achieved within the expected level of resources over the next three years and provides the framework for the Annual Budget.
- 5.1.3 The Budget is a detailed statement of the expected resources available to the school and the planned use of those resources for the following year. The development planning process and the budgetary process are described in more detail below.

5.2 School Development Plan

- 5.2.1 The school development plan is concerned with the future aims and objectives of the school and how they are to be achieved; that includes matching the school's objectives and targets to the resources expected to be available.
- 5.2.2 Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated. The form and content of the development plan are matters for the school and MAT to decide.
- 5.2.3 Due regard must be given to the matters included within sector specific guidance for academies, any annual guidance issued by the ESFA and instructions from the MAT.
- 5.2.4 The MAT should approve the development plan for schools.

5.3 Development Planning Cycle

- 5.3.1 Each year the Headteacher should present a planning cycle and timetable to the Local Governing Body which allows for:
- a review of past activities, aims and objectives - "did we get it right?"
 - definition or redefinition of aims and objectives – "are the aims still relevant?"
 - development of the plan and associated budgets – "how do we go forward?"
 - implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 5.3.2 The timetable should specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages should be assigned by the Headteacher.

5.4 Development Plan Content

5.4.1 The completed development plan should include detailed objectives for the forthcoming academic year, as well as outlining objectives for the subsequent two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

5.5 Development Plan Monitoring

5.5.1 Lead responsibility for measuring progress against school objectives is assigned to the School Business Manager.

5.5.2 The responsible manager in each area is also expected to play a key role in monitoring performance against the defined success criteria throughout the year and report to the senior leadership team or equivalent on a termly basis.

5.5.3 The senior management team should report to the Local Governing Body if there is a significant divergence from the agreed plan and should recommend an appropriate course of action.

5.6 Annual Budget

5.6.1 The Headteacher is responsible for preparing the annual budget, with the support of the Business Manager, using the financial tools provided by the MAT.

5.6.2 The budget should reflect the best estimate of the resources available to the academy for the forthcoming year and should detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

5.6.3 Detailed records should be kept of all information used in preparing the budget including estimation of staffing requirements and calculations of all costs cross referenced to any assumptions made.

5.6.4 The annual consolidated MAT budget should be profiled to facilitate a cashflow estimate for each month.

5.6.5 The Budget must be reviewed and recommended by the Local Governing Body to the Board. The extent of the review will be subject to the individual school's circumstances.

5.6.6 The school and consolidated MAT budget(s) must be submitted to the Finance & Audit Committee by the Chief Financial Officer, for recommendation to the Board. Any agreed amendments will be included and presented to the Board for approval.

5.6.7 The approved consolidated MAT Budget must be submitted to the ESFA in accordance with their published deadline each year – the Budget Forecast Return. The Chief Financial Officer should establish a timetable which allows sufficient time for the approval process and submit the consolidated MAT Budget Forecast Return by the required submission date.

5.7 Budget Planning

5.7.1 The budgetary planning process should incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable.
- Review of other income sources available to the academy to assess likely level of receipts.
- Review of past performance against budgets to promote an understanding of the academy cost base.
- Identification of potential efficiency savings.
- Review of the main expenditure headings considering the development plan objectives and the expected variations in cost - e.g. pay increases, inflation and other anticipated changes.
- Consideration of asset management plans and surveys.
- Ensuring that the school has budgeted business plans in place for all trading activities - e.g. catering, uniform sales etc. The business plan should clearly show the anticipated operating surplus or deficit. If a subsidy is required from the budget to cover a budgeted deficit, then this must be formally recommended by the Local Governing Body and recorded in the minutes of the meeting at which it was discussed and agreed.
- All budgeted business plans should be clearly linked to the School Development Plan.

5.8 Balancing the Budget

- 5.8.1 Comparison of estimated income and expenditure should identify any potential surplus or shortfall in funding.
- 5.8.2 If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.
- 5.8.3 Plans and budgets may need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.
- 5.8.4 If a significant deficit is expected, the Finance & Audit Committee will after having reviewed all possible avenues with the school and Local Governing Body (if required), contact the ESFA for further instruction before setting a deficit budget. The MAT will manage this liaison and provide an action plan for the school.

5.9 Finalising the Budget

- 5.9.1 Once a school's budget has been approved by the Board, the relevant curriculum budgets should be communicated to all staff with responsibility for budget headings, so that everyone is aware of the overall budgetary constraints.
- 5.9.2 It is the responsibility of the budget holder to manage the budget.
- 5.9.3 Once approved, the budget must be loaded on the school's financial accounting system by the MAT Finance team.

5.9.4 A copy of the signed budget plan must be placed in the Local Governing Body's minute file and a further copy retained by the Headteacher, the school's Business Manager and the Chief Financial Officer.

5.10 Budget Monitoring and Review

5.10.1 Timely and accurate monthly financial performance and position reports must be prepared by the School Business Manager and reviewed alongside the Headteacher.

5.10.2 The reports should be system generated or as agreed by the Chief Financial Officer including actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Local Governing Body.

5.10.3 Supporting narrative must accompany budget monitoring reports, detailing reasons for all significant in nature or value, including both timing and permanent variances against budget, together with details of corrective action taken.

5.10.4 Forecasts must be prepared following instructions disseminated by the MAT Finance Team.

5.10.5 If financial monitoring reports are produced in a non-system format – e.g. spreadsheets or user defined reports - then they must be reconciled with a system generated report.

5.11 Financial Returns

5.11.1 The Chief Financial Officer will be responsible for ensuring that all financial transactions are recorded on the academy's financial accounting system in accordance with the guidelines issued by the ESFA. The School Business Manager must follow instructions from the MAT in this regard.

5.11.2 The Chief Financial Officer will be responsible for ensuring that Value Added Tax (VAT):

- is correctly accounted for on the academy's financial accounting system in accordance with ESFA and HMRC requirements; and
- is properly and promptly claimed on a regular basis and supported by relevant system reports and documentation to facilitate HMRC inspection and external audit.

5.11.3 The Chief Financial Officer will be responsible for the timely and accurate submission of all financial returns, including but not limited to those required by the ESFA, the Department for Education (DfE), and in conjunction with the Business Manager, for other organisations where funding is linked to conditions of spending. All returns should be completed in the required timescales.

5.11.4 In order to give a true and fair view, the financial statements for the annual accounts must be prepared according to the requirements of the Companies Act 2006 and Regulations made under the Act, and applicable United Kingdom accounting standards. Academy Trusts must also prepare their accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (revised) ('the SORP'). They must be prepared in accordance with the accounting policies agreed by the Board. A copy of the SORP together with accompanying information sheets, other Charity Commission guidance and legislation are available to view and download from the Charity Commission website.

- 5.11.5 The Board is responsible for approving the MAT's Annual Accounts and Annual Report and ensuring the annual accounts are audited and submitted to the ESFA by the required deadlines. Details of financial information required are as set out in the latest Accounts Direction for the year being reported.
- 5.11.6 In addition to submitting accounts to the ESFA, under section 442 (2a) of the Companies Act 2006, the Annual Accounts must be filed with Companies House within 9 months of the end of the accounting period.
- 5.11.7 A copy of the Annual Report and audited financial statements must be sent to the companies' registrar by the MAT on a timely basis.
- 5.11.8 The Companies Act 2006 requires the MAT to publish its Annual Accounts and Annual Report. This will be done via the MAT's website. The ESFA requires publication of the accounts by the end of January on the MAT's website in the period following the conclusion of the MAT's accounting period and these will also be published on the school's website.

6 PAYROLL AND PERSONNEL PROCEDURES

6.1 Staff Appointments and Administration

- 6.1.1 Staff appointments, staff leavers and contract amendments must be authorised by the Headteacher and notified to the School Business Manager for payroll processing, monthly. Any payroll transactions relating to the Headteacher must be authorised by the MAT.
- 6.1.2 Note: The Board has approved an initial budget for each school. Any changes to staffing structures must be endorsed by the Local Governing Body and approved by the CEO, on an annual on ongoing basis.
- 6.1.3 Further, prior approval must be sought from the CEO for any additional staffing expenditure in schools above their approved budget in advance.
- 6.1.4 All staff are paid monthly via BACS.
- 6.1.5 The school's payroll is administered by an external provider (Suffolk County Council Schools' Choice) via the payroll provider's portal. Access to the system is password controlled.
- 6.1.6 The monthly payroll is reconciled and updated on the school's financial accounting system via the MAT Finance team.

6.2 Payroll Returns and Control Checks

- 6.2.1 Details of sickness and other absences must be sent to the School Business Manager for processing monthly who must ensure that files / updates to documents made in support of payroll processing.
- 6.2.2 The payroll provider will issue a timetable for payroll processing with key dates. Each school's Business Manager and the Chief Financial Officer must ensure all activities are completed by the dates set out in the timetable.
- 6.2.3 After the monthly payroll has been processed, but before payments are dispatched, a file of salary payments by individual, showing the amount payable in total, should be obtained from the payroll provider. The MAT Finance team must review the file in summary and forward the relevant detail for each school securely to the relevant Business Manager, for detailed review. The review must confirm that:
- net pay variances from previous month are understood and are appropriate;
 - starters, leavers and variations have been processed correctly to that point; and
 - on a rolling programme over a term, check that the monthly costs are as expected from the employee's contract.
- 6.2.4 The School Business Manager must notify payroll and the Chief Financial Officer of any over / under payments. If it is too late for the payroll provider to make changes to the payroll BACS files, the school must contact the MAT who may make alternative advances or withhold payments by contacting the bank.

6.2.5 The Chief Financial Officer is responsible for ensuring the payroll journals affecting the school's pay codes and payroll control codes have been accurately processed, together with ensuring accurate completion of all necessary bank transfers.

6.3 Retention of Records

6.3.1 Payroll records must be kept for a minimum of six years.

6.3.2 Pension records must be retained for 40 years.

7 PURCHASING AND PAYMENT PROCEDURES

The MAT strives to achieve the best value for money from its purchases. This means getting the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and the MAT and its schools wish to maintain the integrity of these funds by following the general principles of:

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

Procurement advice for academies is available from the DfE's website in a document called [Effective Buying for your school](#).

7.1 Expense Recognition

- 7.1.1 Expenditure should be recognised when and to the extent that a liability is incurred. This includes accruing for liabilities as soon as there is a legal or constructive obligation that commits the MAT to expenditure.
- 7.1.2 All expenditure should be accounted for on an accruals basis and is allocated to specific nominal codes and cost centres.
- 7.1.3 Expenditure includes any VAT that cannot be recovered by the MAT.
- 7.1.4 All expenditure should be recognised in the MAT's financial accounting systems in the currency the expenditure will be settled, to enable exposures to foreign exchange risk to be appropriately managed (see Section 10.6).

7.2 Routine Purchasing

- 7.2.1 Budget holders will be responsible for requesting the purchase of items or services from their own budgets. This must be undertaken by the appropriate budget-holder completing an Internal Requisition request (purchase order) and submitting them to the school's office (for schools) or to MAT Finance team (for the MAT). This system may be paper based, electronic on PS Financials or submitted via email.
- 7.2.2 The school's office / MAT Finance team must check that all purchase requisitions have been approved by the relevant budget holder and purchase amounts are within their financial approval limits, before raising a purchase order.
- 7.2.3 Purchase orders are to be authorised online in PS Financials by the relevant person. Only then may an order be transmitted to the supplier.

- 7.2.4 Other than where contracts and agreements exist, orders should be completed where practicable - i.e. they are not required for utilities, photocopier contract etc - but are literally, orders to be sent to the supplier to request a supply of goods and/or services.
- 7.2.5 All invoices must be sent in the name of the school (or MAT), to the school's office (or MAT Finance team) and should be matched against the original order and delivery note / signatures from budget holders to confirm receipt. Suppliers must be requested to resubmit their invoice(s) of incorrectly addressed.
- 7.2.6 All invoices must be authorised in accordance with Appendix A - Delegation of Financial Authority and entered promptly into PS Financials by the School Business Manager (or MAT Finance team). Authorisation may be by way of a signature / initials on the invoice or by email confirmation which must then be attached to the invoice.
- 7.2.7 Where capital projects or maintenance works are being carried out within a school, it is more appropriate for the MAT Buildings Officer to authorise contractor invoices for satisfactorily completed work. This should include staged contractor payments, professional fees relating to the work and any external funding returns required. These must be authorised in accordance with Appendix A - Delegation of Financial Authority and follow the same procedures above.
- 7.2.8 Invoice details must also be recorded on the MAT's invoice register which is used for cashflow and accrual purposes.
- 7.2.9 All payments to suppliers must be centrally made by the MAT Finance team and in accordance with agreed payment terms, and via direct payments to suppliers from the MAT's main bank account. All invoices included in each payroll must only be included when appropriate authorisations have been provided.
- 7.2.10 "BACS" payments are future dated payments. Same day payments must be avoided unless essential, due to higher processing fees. The Chief Financial Officer should be contacted to facilitate authorisation of the file by the MAT.
- 7.2.11 Once invoices are properly authorised for payment, MAT Finance should run a weekly payment run using PS Financials and issues a remittance advice to payees via the Document Emailer section of the system. The remittance advice does not need to be retained by the school as the document is held electronically within the system.
- 7.2.12 The School Business Manager (or MAT Finance team) must ensure that all prime records are retained for a minimum of six years and are stored in a secure place.
- 7.2.13 If discounts are available for prompt payment, then payments may be made immediately, having considered any loss of interest that might arise. If not, payments will be issued in accordance with the payment terms agreed with the individual contractor or supplier. Due regard must be taken of the 'Late Payment of Commercial Debts Regulations 2002'.
- 7.2.14 Original invoices must be marked "paid" to ensure duplicate payments are not made, together with details of the payment list reference and document number.

7.2.15 Suppliers' statements must be retained for checking outstanding payments. However, under no circumstances, should payments be made from a supplier's statement. Instead, a copy invoice may be requested. Copy invoices are not to be paid unless it is confirmed with the 3rd party supplier that payment has not previously been made. References back to the original order must be made in every case. Once checks have been made, the invoice should be signed to confirm this and endorsed **"not previously paid"**.

7.3 Quotations

7.3.1 Requisite goods and services with an expected value of £2,500 and above will be subject to the receipt of at least two competitive quotations. Where the value is £5,000 and above, three competitive quotations must be obtained.

7.3.2 Documentary evidence of the various quotations must be obtained and attached to the purchase order and appropriately authorised. Where a quotation other than the lowest is accepted, the reasons (in line with the MAT's Best Value Policy) for its acceptance must be documented, attached to the purchase order, and reported to the appropriate person(s) (e.g. Headteacher, Local Governing Body, Chief Executive Officer, Chief Financial Officer etc.).

7.3.3 Where, in exceptional circumstances, it is not possible to obtain three quotes, a written request must be submitted to and approval obtained from the Chief Financial Officer as set out in Section 15.

7.3.4 Note: approval of new contracts with total contract values of £50,000 or greater, will only be made after following the tendering procedure as set out in Section 8.

7.4 Internet Purchases

7.4.1 The same rigour of internal control must be placed on internet purchases as is normally applied to standard procurement regarding separation of duties, authorisation controls and independent management checking. Where possible, new suppliers should be from agreed procurement frameworks to avoid the need for credit card purchases or immediate payment terms.

7.4.2 Schools have not been issued with a purchase or credit card. Payment by an individual's personal debit / credit card should only be considered when the above options have been exhaustively attempted and failed, or in the cases of disbursements. The appropriate authorisation procedures for purchases should still be adhered to and schools / the MAT retain the right to refuse to reimburse an individual if the policies and procedures are not followed as set out in Section 7.6.

7.4.3 Supplier invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system. This is especially important for the purposes of the MAT recovering any VAT suffered.

7.5 Petty Cash

7.5.1 Schools do not have access to any petty cash, for the purpose of settling non-staff related expenditure, which must be made through invoiced / receipted costs, or via reimbursement of employee expenses, in accordance with this Section.

7.6 Employee Expense Claims

- 7.6.1 All employee expenses claims relating to expenses incurred wholly and exclusively for the purpose of the school and/or Trust, must be made within three months of the expenditure incurred.
- 7.6.2 Claims for mileage should be made separate to expense claims for other types of expenditure using the claim forms provided by the MAT Finance team.
- 7.6.3 Receipts or other appropriate evidence of expenditure, but not including credit card statements or payment slips, must be attached to each expense claim in respect of all purchases – e.g. rail/bus fares, subsistence, telephone calls, postage and any other purchases that may be approved. Failure to include receipts may result in non-reimbursement for the item concerned.
- 7.6.4 Receipts must clearly show the expenditure relates to academic and ancillary purposes and must show a valid VAT registration number to support the recovery of VAT from HMRC.
- 7.6.5 The Trust will reimburse employees, governors and eligible third parties for mileage in excess of their normal home to work commute at a rate in accordance with those prescribed by HM Revenue & Customs. The claimant is entitled to be notified of this rate in advance of commencing their journey.
- 7.6.6 When using their own car to travel on business, employees must have suitable insurance in place to cover both their vehicle, its occupants and any thirds parties, to indemnify the Trust against any claim.
- 7.6.7 Rates of subsistence may be paid up to the HMRC rates, must not include claims for alcohol and must be supported by receipts as stated above.
- 7.6.8 All expense claims for school-based employees must be checked by the appropriate School Business Manager and authorised by the Headteacher. Headteacher's expense claims must be authorised by the Chair of the Local Governing Body and the CEO when expenditure is not within budget.
- 7.6.9 Expense claims made by an employee of the Central MAT must be authorised by their line manager. The CEO's expense claims must be authorised by the Chair of Directors.
- 7.6.10 The Trust will seek dispensation from HM Revenue & Customs (HMRC) in order that expenses are paid without deduction of tax and National Insurance. A dispensation is a notice from HMRC that removes the requirement to report certain expenses and benefits at the end of the tax year on forms P11D or P9D. There is also no need to pay any tax or National Insurance contributions on items covered by a dispensation.
- 7.6.11 Employees should limit making one expense claim for mileage and other expenditure per month, to minimise associated administration costs.
- 7.6.12 The Trust aims to reimburse employee expense reclaims through payroll (for mileage claims) and direct payment to employees, through accounts payable (for all other expense claims).

7.6.13 All duly authorised mileage expense claims received in advance of the next payroll closing deadline, will be processed as part of the next payroll run. Claims received after the month's payroll closing deadline, will be paid as part of the next month's payroll.

7.6.14 All other expense claims received will be processed by the MAT Finance team within seven working days of receipt of all appropriate and complete documentation.

7.7 Lease Agreements

7.7.1 The School / MAT may only take out operating leases. An operating lease means entering into an agreement to rent equipment whereas a finance lease is equivalent to committing the Trust to a loan, for which permission from the Secretary of State is required.

7.7.2 The following areas must be considered when considering entering into or renewing lease agreements:

- Independent procurement advice on leases, i.e., DfE advice in the Academies Procurement Resource – Buying for Your Academy:
<https://www.gov.uk/guidance/buying-for-schools/leasing-equipment-for-schools>
- Schemes that include 'cashback' or 'free' or subsidised equipment / goods should be avoided.
- Leasing agreements will only be made where the financial arrangements are such that they benefit the school and the MAT Finance & Audit Committee have given their approval.
- Any item procured under a lease arrangement must be in line with the MAT's Best Value statement.
- Once approval has been given, lease agreements must be signed by the Headteacher on behalf of the Governors.
- The Headteacher and Chief Financial Officer will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals. Some agreements will require notice of termination even though an expiry date has been specified (check the small print).

7.7.3 Any lease entered must meet the following criteria:

- ownership of the asset must remain with the leasing company and there is no option for the school or MAT to purchase the asset at any time;
- any extension of the lease must be at open market values;
- the school or MAT will not benefit from any sale proceeds of the asset; and
- the termination value of the lease is equal to or exceeds 10% of the value of the asset at the commencement of the lease.

8 TENDERING PROCEDURES

8.1 Introduction to Tendering

- 8.1.1 The Chief Financial Officer should provide advice on tendering and assist the school / MAT with identifying technical support for more specialist or complex works. If a third party is used, it is expected to apply these regulations with the same rigour and ensure that the principles of the Office of Government Commerce (OGC) Procurement Policy and Standards Framework are adhered to.
- 8.1.2 Approval of contracts with a total contract value of £50,000 or above, will only be made following the Board's approval of the tendering procedure. If undertaking a high-value or EU-Qualifying purchase, an Invitation to Tender must be issued as part of the process. An Invitation to Tender (ITT) is a pack of documents sent out to potential suppliers inviting them to submit a bid.
- 8.1.3 Contracts for supplies and services whose values equal or exceed the Find a Tender Services (FTS) detailed in the authorisation limits summary, are subject to further requirements as per the Procurement Policy Note 08/20 - Introduction of Find a Tender. Such contracts require advertisement on the FTS portal. This is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to legislation must be published. These thresholds are net of VAT. Further advice may be found via the following link:

[Procurement Policy Note 08/20 - Introduction of Find a Tender - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/procurement-policy-note-0820-introduction-of-find-a-tender)

8.2 Forms of Tenders

- 8.2.1 There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.
- i. **Open Tender:** where all potential suppliers are invited to tender. The Headteacher or a member of the MAT Management team must discuss and agree with the Chief Financial Officer how best to advertise for suppliers - e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. The latter is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
 - ii. **Restricted Tender:** where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - many suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the Trust's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
 - iii. **Negotiated Tender:** where the terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances, including:
 - the above methods have resulted in either no or unacceptable tenders;
 - only one or very few suppliers are available;
 - extreme urgency exists; and/or

- additional deliveries by the existing supplier are justified.

8.3 Preparation for Tender

8.3.1 Full consideration must be given to the objective of the project, overall requirements, technical skills required, after sales service requirements and form of contract. It may be useful after all requirements have been established, to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

8.4 Invitation to Tender

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

8.4.2. An invitation to tender should include the following:

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

8.5 Aspects to Consider

8.5.1 Financial

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

8.5.2 Technical/Suitability

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

8.5.3 Other Considerations

- Pre-sales demonstrations

- After sales service, warranties
- Financial health of the supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.
- Supplier's values towards environmental, social and governance factors
- Supplier's compliance and adherence to all relevant laws, industry standards and procedures and general codes of conduct.

8.6 Tender Instructions

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

8.7 Tender Opening Procedures

8.7.1 Two people should be present for the opening of tenders.

8.7.2 All tenders submitted must be opened at the same time and the tender details recorded. A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

8.8 Tendering Evaluation and Acceptance

8.8.1 The MAT has set a minimum requirement of 3 tenders for fair evaluation purposes and in the interest of achieving best value. In any consideration of less than that number being received, the Local Governing Body (or MAT) should consider whether this is sufficient or whether retendering is required and justification on the way forward must be documented.

8.8.2 The evaluation process should involve at least two people. Those involved must disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.

8.8.3 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

8.8.4 Full records should be kept of all criteria used for evaluation and for contracts over £50,000. A brief report by the Chief Financial Officer should be prepared for the MAT Finance & Audit Committee, highlighting the relevant issues and recommendation of a decision. For contracts under £50,000, the decision and criteria should be reported to the MAT Finance & Audit Committee.

8.8.5 Where required by the conditions attached to a specific grant from the DfE / ESFA, approval must be obtained before the acceptance of a tender.

- 8.8.6 The accepted tender should normally be the one that is economically most advantageous in terms of best value to the school / MAT, and one that meets all the requirements. All parties should then be informed of the decision made.
- 8.8.7 Where a tender other than the lowest has been accepted, the reasons for its acceptance must be documented and reported to the Chief Financial Officer. All decisions made must be justified and recorded.
- 8.8.8 A copy of the tender documentation must be held on site for easy reference as required.
- 8.8.9 Acceptance of any tender should be confirmed to the contractor in writing and no work shall be started until this has been done.
- 8.8.10 Any contracts awarded should include a paragraph to the effect that any contractor will be prohibited from transferring or assigning, directly or indirectly, any portion of the contract to any other person or contractor, without the written permission of the Board.

9 INCOME

9.1 General

- 9.1.1 The main sources of income for schools are grants from the ESFA, local authority, students and public (e.g. lettings). It is the responsibility of the School Business Manager to ensure that all income due to the school has been received, banked and that all income due is collected and reconciled to the amount of income accrued and recognised in PS Financials.
- 9.1.2 All income received should be recorded daily wherever possible onto the MAT's financial accounting system (PS Financials). Any collection records / spreadsheets / dinner registers etc must contain the amount received, the name of the person / organisation making the payment, the date the payment is received, and through which method – e.g. bank transfer, cash, cheque.
- 9.1.3 Any cash or cheques received directly by the school (or MAT) should be banked on a weekly basis and **in full, unless centrally agreed arrangements have been made by the MAT Finance team.**
- 9.1.4 The MAT's insurance policy cover for cash and cheques held on site must not be exceeded, if a limit exists. However, if a high level of income is expected e.g. proceeds from a fete, the insurer must be informed to obtain additional short-term cover if required, and the income must then be banked as soon as is practicable.
- 9.1.5 Personal cheques must never be cashed.
- 9.1.6 When income is banked, the collection record must be totalled in value to provide a clear cross reference to the value entered on the bank paying in slip. The bank paying in slip number should then be entered onto the income collection record and in PS Financials to assist in providing a clear and simple audit trail.
- 9.1.7 When banking money received (either cash or cheques), the bank paying in slips must be completed in full, clearly showing the split between cash and cheques, and each cheque must be listed separately with the drawer's name or have a separate list enclosed with them to facilitate identification of drawer in cases where the cheque is returned.
- 9.1.8 Income received by the school should be acknowledged to the payer by either
- i. issue of a receipt when the cash received exceeds £15 or
 - ii. by the collector signing an official collection record - i.e. Residential Trip Payment Card.
- Copies of receipts issued should be retained for future reference - e.g. to resolve a dispute over payment.
- 9.1.9 No debts must be written off without express approval, in accordance with the limits set out in Appendix A - Delegation of Financial Authority.

9.2 Income Recognition

9.2.1 Income is recognised in accordance with FRS102 and the SORP. This includes recognising income within the accounts providing the following criteria are met

- iii. Entitlement – when the risks and rewards of ownership reliably have been passed to the MAT;
- iv. Probability – the receipt of the income is deemed probable; and
- v. Measurement – the amount due must be able to be measured reliably.

9.2.2 All income should be recognised in the MAT's financial accounting systems in the currency the income is expected to be received, to enable exposures to foreign exchange risk to be appropriately managed (see Section 10.6).

9.3 Custody

9.3.1 Official, pre-numbered school receipts should be issued where no other formal documentation exists. All cash and cheques must be kept in the school's or MAT's safe (or locked cabinet if no safe is on site) prior to banking.

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

9.4 School Trips

Manual system (or alternatively see automated system below)

9.4.1 A lead person must be appointed for each trip to take responsibility for the collection of sums due. He/she must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the School Business Manager.

9.4.2 A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

9.4.3 The School Business Manager must maintain an up-to-date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a regular basis and the lead teacher is responsible for chasing the outstanding amounts.

Automated System

9.4.4 Schools may use a spreadsheet or payment card system for recording and collecting payments for trips / events clearly identifying details of payments made including date, by whom, whether cash or cheque and outstanding balances.

9.5 Automated Payments - e.g. Parent Pay, School Comms, etc.

9.5.1 When setting up a contract with a new supplier for provision of this service, consideration must be given to the following areas:

- i. basis of fees payable to the company
- ii. complete audit trail and facility of income reconciliation of totals received; and
- iii. reminder facilities to chase up overdue amounts.

9.5.2 Any contract for the services of an online parental payment system Service Provider must be reviewed regularly to ensure that the school is getting value for money and that the provider is giving an adequate service. All systems must comply with PCI DSS. A copy of the contract should be held at school.

9.5.3 Payments received from the provider should be promptly entered onto PS Financials and reconciled.

9.5.4 Net administration payments to the provider must be checked for accuracy and entered onto PS Financials promptly as non-order invoices.

9.5.5 A system of sending reminders should be followed to ensure debts are recovered.

9.6 School Lettings

9.6.1 Lettings are the responsibility of the Local Governing Body and administration of each letting is the responsibility of the School Business Manager who must maintain records of bookings and identify the sums due from each organisation.

9.6.2 All hirers must complete the appropriate lettings application form. Long term hirers must complete a letting application form at least annually agreeing the scales of charges to be applied.

9.6.3 Payments must be made in advance for the use of facilities, unless dispensation has been approved by the Headteacher, in which case any approval provided must be documented with supporting reasoning.

9.6.4 A sales invoice must be issued for the use of school property, which will facilitate in entering the amounts owed (i.e. debt) onto PS Financials.

9.6.5 In cases where invoices issued and payments are made in arrears, following approval from the Headteacher (refer to section 9.5.2), payment terms must not exceed 30 days from date of invoice issued. Note, invoices must be issued within 7 days of hire.

9.6.6 If payment has not been received by the due date, the following steps must be taken:

a) 7 days after due date	First reminder letter to be issued. At this point all future hire dates will be suspended pending payment in full.
b) 14 days after first reminder letter	Second reminder letter to be issued advising the hirer that non- payment could result in referral to the academy's legal services provider.

c) 14 days after second reminder letter	Issue report to the Local Governing Body for advice on how to proceed - e.g. referral to the MAT's legal services provider for recovery of debt and notify the Chief Financial Officer
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- 9.6.7 If, it is determined that the debt is not recoverable and having taken legal advice if required, the amounts due must be 'written off] and approval provide in accordance with **Section 2.3** and as set out in Appendix A - Delegation of Financial Authority.
- 9.6.8 The pricing terms for all lettings (including rental agreements) must be reviewed annually, and any increases in price should be communicated one month in advance or as prescribed in accordance with contractual terms in place.

10 FINANCIAL RESILIENCE

10.1 Introduction

10.1.1 The MAT ensures its financial resilience through maintaining sufficient reserves and liquidity to ensure that it can continue to operate without disruption.

10.1.2 It achieves this through:

- identifying potential risks to the MAT's financial position and determining appropriate actions and controls to mitigate the impact of those risks to acceptable levels;
- maintaining sufficient funds to support the day to day running costs of the MAT;
- maintaining sufficient buffers to mitigate unforeseen financial risks or delays to the receipt of income and funds;
- maintaining and monitoring budgets and levels of spend; and
- planning for future investment and ensuring the MAT has sufficient funds in place to support its strategic objectives.

10.1.3 The MAT aims to maintain reserves in line with set targets. However, there may be situations where it is appropriate for the level of reserves to be higher or lower than target. This is at the discretion of the Board based upon various factors including the current and forecast financial performance of the MAT, strategic opportunities arising, and assessment of external risks.

10.2 Cash Management

10.2.1 The Chief Financial Officer is responsible for preparing summary cashflow forecasts for the MAT as a whole, to ensure that the MAT has sufficient funds available to meet its financial obligations as they fall due (i.e. paying for day-to-day operations).

10.2.2 If significant cash shortfalls have been identified and are unexpected, this should be promptly investigated, ensuring all income due for the period has been received and that expenditure is not irregular. The investigation and its results must be reported to the relevant Local Governing Body and to the Board if fraud is suspected. The MAT's whistleblowing procedures should be followed if fraud is suspected, including notifying the ESFA if the fraud is significant.

10.2.3 The financial health and cash position of the MAT should be reported at each Finance & Audit Committee meeting.

10.3 Banking

10.3.1 The MAT operates authorised bank accounts with main and liquidity accounts.

10.3.2 The opening of all bank accounts and investments must be authorised by the Board. A school may not open or operate separate bank accounts.

10.3.3 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include the amount of the deposit, split between cash and

cheques with cheques listed separately and a reference (i.e. receipt number or the name of the debtor).

10.3.4 Only the MAT Finance team may execute internal bank transfers, all of which should be fully documented and have an appropriate narration to facilitate bank reconciliation.

10.3.5 All cheques and other instruments authorising withdrawal (including direct debits and standing orders) from bank accounts must be authorised in accordance with the bank mandate.

10.3.6 A current bank mandate for Direct Debits and Standing Orders must be retained on file and the mandated signatories should be consistent with those detailed above.

10.3.7 The Chief Financial Officer has overall responsibility to ensure bank statements are received regularly and that reconciliations are performed at least monthly. Reconciliation procedures must ensure that:

- **all** bank accounts are reconciled to the MAT's accounting system;
- bank reconciliation reports are signed by the preparer and reviewed by the Chief Financial Officer; and
- schools provide appropriate and prompt input and support to the MAT Finance team in the bank reconciliation process when necessary.

10.4 Investment

10.4.1 When considering how best surplus funds should be held, the Trust has deployed risk stratification according to purpose, applying a risk weighting that is appropriate. Consideration must be made to address the financial needs of the Trust and to mitigate specific risks as follows:

Element	Agreed Holding	Liquidity type
Support the fluctuations on the day-to-day income and expenditure across the Trust	Hold sufficient cash at bank to meet financial obligations as they fall due	Cash
Mitigate the financial impact of any unforeseen risks or unplanned costs	Hold a contingency buffer in high quality liquid assets (such as access deposit funds) to mitigate unplanned shortages in cash - e.g. significant delays in receipt of cash from the DfE	Cash or near cash equivalent
Ensure the Trust has the funds for future strategic development	Maintain designated funds for specific future investment projects	Medium-term investment portfolio (dependent on expenditure plans)
Ensure the Trust has the funds for large operational projects	Maintain designated funds for specific future investment projects	Cash on deposit to match phasing of expenditure

10.4.2 Investments must be managed centrally by the MAT and should be clearly identifiable to each school's contribution.

10.4.3 The Trust's **Investment Policy** is set out separately and is reviewed annually in conjunction with the Trust's overall Strategic Plan, Reserves and current and future financial plans.

10.5 Reserves

10.5.1 The Board regularly reviews the financial performance, risks and strategic plans to set target levels of reserves. Reserves protect operations against short term disruption which could otherwise arise due to a lack of sufficient and available funds and ensure the financial sustainability of the MAT.

10.5.2 The Trust's **Reserves Policy** is set out separately and is reviewed annually in conjunction with the Trust's overall Strategic Plan and current and future financial plans.

10.6 Foreign Exchange

10.6.1 Exposures to movements in foreign exchange (FX) should be monitored and mitigated to levels acceptable to the Board.

10.6.2 Exposures to foreign exchange arise in situations where costs are payable, and income is receivable, in currencies different to the functional currency of the MAT – i.e. GB Pounds.

10.6.3 To minimise the MAT's exposure to fluctuations in exchange rates, the MAT should consider:

- i. purchasing foreign currency to settle liabilities recognised on the balance sheet, in situations where good and services have been purchased in a foreign currency; and/or
- ii. entering into FX forward contracts when the expectation is to receive income in a foreign currency and the receivable has been recognised on the balance sheet.

11 FIXED ASSETS (CAPITAL) AND ASSET REGISTER

11.1 Fixed Assets

11.1.1 Fixed assets include:

- land including freehold
- buildings including freehold
- equipment

11.1.2 Fixed assets are depreciated on a straight-line basis on an assumed lifetime as follows:

- Buildings 50 years
- Boilers and heating plant 15 years
- Furniture, fixtures and fittings 10 years
- Vehicles 5 years
- IT equipment and software 3 years

11.1.3 All items purchased with a value of £1,000 or more (£250 for attractive portable items) must be capitalised for accounting purposes and entered onto the Fixed Asset Register if considered to be qualifying capital. Other attractive items below the limit could be included on local asset register lists to assist with insurance claims.

11.2 Fixed Assets Register

11.2.1 The Asset Register helps:

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

11.2.2 The School Business Manager is responsible for maintaining the school's asset register and the MAT Finance team the asset register for the MAT as a whole.

11.2.3 The asset register should include the following information:

- book value of item(s) transferred in
- asset description
- asset number
- serial number
- date of acquisition

- asset cost
- source of funding (% of original cost funded from ESFA grant and % funded from other sources)
- expected useful economic life
- depreciation (incl. brought forward and carried forward)
- current net book value
- location
- disposals

11.3 Fixed Assets Security / Monitoring

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

11.3.2 All items held in the register must be permanently marked as the school's or MAT's property. If the school or MAT chooses to use an invisible form of marking, then the item of equipment must carry a visible reference to the fact that the equipment has been security marked. Items not security marked are potentially not covered by insurance.

11.3.3. A regular (at least annual) count must be undertaken by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Local Governing Body and the Chief Financial Officer.

11.3.4 Inventories of property should be kept up to date and reviewed regularly. Where items are used by a school but do not belong to it, this must be noted accordingly.

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

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

11.4 Fixed Asset Disposals

11.4.1 Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the limits set out in Appendix A - Delegation of Financial Authority.

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

11.4.3 The school / MAT is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other school assets. If the sale proceeds are not reinvested, then schools must repay to the ESFA a proportion of the sale proceeds.

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

12 TAXATION

12.1 Corporation Tax

12.1 The MAT is not subject to Corporation Tax as the MAT is considered to pass the tests set out in Para 1 Sch 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

12.2 Value Added Tax

12.2.1 The MAT is not registered for VAT as it is deemed to be a qualifying charity under Section 33D of the VAT Act 1994. This means that the MAT can claim VAT back under the Refund Scheme for goods and services received by the MAT.

12.2.2 It is the responsibility of the Chief Financial Officer to ensure that each of the MAT's schools is correctly accounting for VAT in accordance with HMRC requirements and VAT reclaims are promptly made monthly via a 126 claim.

12.2.3 Advice on any VAT matters must be sought from appropriate sources including HMRC, the MAT's external auditors, Academy Trust Handbook / ESFA bulletin updates and financial support provider.

12.3 Transfer Pricing

12.3.1 The MAT must ensure arm's length terms are applied to the charging of its costs for services provided to any connected party.

13 INTERNAL CONTROL

- 13.1 The MAT's system of internal financial controls is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. It includes:
- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports, that are reviewed by the Local Governing Body and MAT Finance & Audit Committee
 - regular reviews by the Finance & Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
 - setting targets to measure financial and other performance
 - clearly defined purchasing (asset purchase or capital investment) guidelines
 - delegation of financial authority and segregation of duties
 - identification and management of risks
 - ability to oversee individual bank and accounting system activity across all schools
- 13.2 The MAT Finance team is responsible for carrying out monthly bank statement reconciliations for all the MAT's bank accounts. All discrepancies are to be investigated immediately and reported to the Chief Financial Officer.
- 13.3 The Chief Financial Officer is responsible for completing VAT reclaims on a monthly basis and submitting them to HMRC in the month following the VAT being incurred by the MAT. All VAT related issues are to be investigated and reported to the Chief Financial Officer.
- 13.4 The Chief Financial Officer is also responsible for periodically checking the following on a sample basis and signing and dating to confirm that the checks have been made, including:
- payments made to suppliers have been correctly authorised;
 - income received by the school can be traced from source to financial system entry and bank statement;
 - bank account reconciliations are being completed each month;
 - the funding budget entered on the school's financial accounting system is reconciled promptly to the sources of income, i.e. ESFA statement of funding;
 - direct debit and standing order arrangements are appropriate and have been correctly authorised; and
 - individual staff salary payments are reconciled to the employee's contract on a regular basis.
- 13.5 It is the responsibility of the Headteacher (for schools) and the Chief Financial Officer (for the central MAT) to ensure that key financial duties are properly segregated between individuals. Functions to be segregated between staff should include:
- Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee.

- Authorisation – the authorisation of transactions such as a purchase order and the payment to staff and to 3rd party suppliers.
- Custody – the holding of goods and services.
- Recording – the completion of the accounting records.
- Post transaction management checking – reviewing previous transactions to identify errors or intentional manipulation.

14 INSURANCE

- 14.1 It is the responsibility of the Chief Financial Officer to arrange and renew insurance for all the schools in the MAT.
- 14.2 The MAT must ensure the school has adequate insurance cover to support its activities and to comply with statutory requirements. Unless otherwise agreed with the DfE / EFSA, this should include cover as follows:
- buildings and contents of the school, in accordance with normal commercial practice or under the terms of any leases held by the academy, against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, and theft;
 - business interruption, for example to provide alternative temporary accommodation;
 - employer's and public liability cover against the governors' responsibility for injury or illness of staff of third parties, or damage to third party property; and
 - cover required by statute for vehicles operated by the school if applicable.
- 14.3 Other insurance cover to be arranged should include:
- libel and slander;
 - cash in transit;
 - personal accident;
 - fidelity guarantee;
 - off-site activities insurance, covering comprehensive travel risks for official trips and activities taking place off site;
 - insurance for hirers;
 - cover for extra costs arising from a major disaster or tragedy over and above normal business interruption provision such as counselling services for pupils; and
 - engineering inspection contract to cover statutory inspection requirements relevant to lifts, boilers, air receivers and fume cupboards etc.

15 EXEMPTION / WAIVER

- 15.1 In exceptional circumstances it may be necessary to seek and request an exemption (or waiver) to any aspect of the MAT's Financial Policies. All requests must be made, in writing, to the Chief Financial Officer, with supporting explanation of the reasoning for such a request.
- 15.2 The Chief Financial Officer will consider any request within their approval limit, or will forward the request to the CEO, the Finance & Audit Committee or Board, if their approval limits are exceeded.
- 15.3 Any decision to grant an exemption (or waiver) to policy must be recorded in writing, with supporting reasoning documented.
- 15.4 All exemptions provided must be reported to the next Finance & Audit Committee meeting for noting.

APPENDIX A – DELEGATION OF FINANCIAL AUTHORITY

1. Purpose and Scope

The MAT Financial Policies and Procedures apply to all employees and Directors of the St Edmundsbury and Ipswich Diocesan Multi Academy Trust (the 'Trust') and this appendix is a framework for the financial approval limits that must be applied across the Trust and should be read in conjunction with the Summary of Authorisation Limits as set out earlier in this document.

This policy applies to all processes where approval is required, including but not limited to:

- Purchase orders / invoices (both revenue and capital related)
- Contracts
- Payroll
- Write offs.

2. Responsibility

The Finance & Audit Committee delegates the day-to-day responsibility of managing and implementing the Delegation of Financial Authority to the Chief Financial Officer (CFO) to ensure commitment to the purchase of goods and services and the payments thereof, are approved by appropriate staff members within their Board approved limits.

3. Authorisation limits

Table 1 summarises the approval limits in place across the Trust.

Note:

- **Director Approval:** this can be granted in a formal committee meeting, or out of committee via email approval. A record of such decisions must be kept and noted at the next Finance & Audit Committee Meeting.
- **Staffing:** all staff hires, promotions and use of contractors must be approved in line with the Trust Delegation of Responsibility Checklist.
- **Payroll:** any payroll related payments / adjustments (e.g. overtime) must be approved by the relevant Headteacher (for a school) or by the CEO or CFO (for the Trust as a whole), in advance.
- **Projects / large capital items:** where large projects or capital items have been approved by the Directors, part of that approval includes delegation of authority to approve invoice or payments on account to the CEO and CFO. Where appropriate, Directors may decide to approve a contingency amount and delegate approval for its use. Progress reports against budget should be reported to Directors on a regular basis as agreed.
- **Variances to budget:** all variances to budget approved by the CEO / CFO must be recorded and noted at the next Finance & Audit Committee Meeting.
- **Transfers between deposit and current accounts:** where transfers can only be made between pre-linked accounts (i.e. RBS / NatWest), the MAT Finance team are authorised to move funds where cashflow allows to maximise interest income gained. This is subject to two approvals and a maximum amount of £1m per transfer. Above £1m requires the 2nd approver to be either the CEO or CFO.

Table 1

Role	Purchase orders (POs)/ Contracts /Invoices/ Expenses [Revenue]	POs / Contracts /Invoices/ Expenses [Capital]	Variance against original PO /Budget / Business Case	Unbudgeted Expenditure	Write offs
Board of Directors (majority)	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Finance & Audit Committee Trustees (any two)	£250,000	£1m	Lower of £50,000 or 20%	£50,000	£15,000
MAT CEO	£100,000	£500,000	Lower of £15,000 or 15%	£15,000	£5,000
MAT CFO	£50,000	£250,000 > £50,000 + CEO approval	Lower of £5,000 or 10%	£5,000	£2,500
MAT Executive Team (CEO, CFO, Head of Professional Development, Head of Estates and Head of Inclusion & SEND)	£1,000	-	£100	£100	-
Headteacher	£10,000 Contracts > £1,000 require CFO approval	£10,000 Contracts > £1,000 require CFO approval	£1,000 or £0 if school is in deficit	£1,000 or £0 if school is in deficit	£500 total p.a. £100 per item
Deputy to Headteacher (in absence)	As above with supported minuted delegation				
Head of Estates (additional)	-	£500	-	-	-
MAT Business & Finance Officers	£500	£500	-	-	-
Bursar	£250	£250	-	-	-
Office / site manager	£250	£250	-	-	-

- **Investments:** instructions regarding investments into and withdrawals from investment funds (e.g. the CCLA Deposit Fund) can only be given by Directors and the CEO or CFO within the guidelines set out in the Investment Policy.
- **Leases:** Any leases must be approved in line with the authorisation limits set in the table above, based on the total financial exposure of the overall lease contract.
- **Write offs:** prior approval is explicitly required from the ESFA regarding the write off of bad debts and disposal of stocks and assets in excess of £45,000 in value, in any single academic year. Request for approvals should be notified to, and will be sought from the ESFA, by the CFO.
- **Related party transactions:** prior approval is explicitly required from the ESFA before entering into a contract for goods and/or in excess of £40,000 in value.
- **Signing of contracts:** the Directors may be required to sign official legal documents. Where acceptable, the CEO or CFO (as Company Secretary) is authorised to sign on their behalf. All other contract signing is subject to the limits in the table above, or by agreed exemption (see below).
- **Inter school / MAT Central transfers:** all recharges / transfers between schools and the Central MAT are made in accordance with the table above and agreed with the CFO in advance.

4. Quotations

All goods and services with a value of more than £2,500 must be put out for quotation – two competitive quotations above £2,500 and below £5,000; and three quotations for £5,000 and above must be obtained. Further details are set out in the Trust's Financial Policy and Procedures at sections 7.3 (Quotations) and Section 8 (Tendering Procedures).

5. Exemption / Waiver process

Any exemptions or waivers to this policy must be provided in accordance with section 15 of the Trust's Financial Policy and Procedures document and reported to the Finance & Audit Committee Meeting, for noting as required.

6. Review

The Finance & Audit Committee should review the MAT Financial Policies and Procedures, including the Delegation of Financial Authority, to ensure it is still fit for purpose on an annual basis.

END