



Inspire Multi Academy Trust

Financial Regulations Manual

Policy Reviewed Adopted by Board of Trustees:	Autumn Term 2026 Autumn Term 2013
Version	11
Review Frequency	Annual
Date of Next Review:	September 2027
Responsible Officer:	Chief Finance and Operations Officer
Signed on behalf of the Board of Trustees:	S Ruffel

Contents

		Page
1	Introduction	3
2	Organisation	3
3	Accounting System	6
4	Financial Planning	6
5	Payroll	7
6	Purchasing	8
7	Income	10
8	Cash Management	10
9	Fixed Assets	11
10	Depreciation of Tangible Fixed Assets	11

1. Introduction

The purpose of this manual is to ensure that Inspire Multi Academy Trust (hereafter known as the Trust) maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

The Trust must comply with the principles of financial control outlined in the Academy Trust Handbook (ATH). This manual provides information on the Trust's accounting procedures and systems. This manual should be read by all staff involved with financial systems. The Trust incorporates Farrington, New Penshaw, Plains Farm, Burnside and Fatfield Academies.

2. Organisation

The Trust has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Members, Trustees, Governors and staff. The financial reporting structure is detailed below:

Members

As a charitable company limited by guarantee the members have a similar role to shareholders of a company limited by shares. The responsibility to conduct the business of the Trust sits with the Trustees. Members have powers to appoint and remove trustees in certain circumstances. The Members appoint the Trust's auditors and receive audited annual accounts.

The Board of Trustees

The Trustees have responsibility for the administration of the Trust's finances. They must ensure that it uses its discretion reasonably and takes into account any and all relevant guidance on accountability or propriety. The main responsibilities are prescribed in the Funding Agreement between the Trust and the DfE, the Academy Trust Handbook and in the Trust's approved Scheme of Delegation. The main financial responsibilities include:

- accountability and assurance: the board has robust effective oversight of the operations and performance of the academy trust, including the provision of education, pupil welfare, overseeing and ensuring appropriate use of funding and effective financial performance and keeping their estate safe and well-maintained
- Trustees must ensure regularity and propriety in the use of the trust's funds and achieve economy, efficiency and effectiveness – the three elements of value for money. Trustees must also take ownership of the trust's financial sustainability and its ability to operate as a going concern
- approval of Trust annual budgets
- appointment of Chief Executive Officers, Headteachers and equivalent.

The Trustees Finance, Staffing, Audit and Risk Committee

The Finance, Staffing, Audit and Risk Committee is a committee of the Board of Trustees. The Committee meets at least once a term but more frequent meetings can be arranged if necessary.

The main responsibilities of the Finance, Staffing, Audit and Risk Committee are detailed in the Trust Scheme of Delegation which have been authorised by the Board. The main responsibilities include:

- the initial review and authorisation of annual budgets and financial plans
- to consider a budget position statement including virement decisions at least termly
- ensure annual audited accounts are produced in accordance with 'the Statement of Recommended Practice' (SORP) for Charities and the DfE guidance for academies
- approve the financial statements for filing in accordance with Companies Act 2006 and

- Charity Commission requirements
- authorising of purchasing and the award of contracts over £15,000 up to £25,000
- authorising changes to the academy personnel establishment
- delegation of agreed financial responsibilities to a sub-committee.

The committee will also advise the Trustees on the adequacy and effectiveness of the academy trust's systems of internal control, its arrangements for risk management, control and governance processes securing economic, efficiency and effectiveness (value for money). In line with this their responsibilities include:

- to help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds
- oversee and approve the trusts programme of internal scrutiny
- ensure that risks are being addressed properly
- report to the board on the adequacy of the trusts internal control framework including financial and non-financial controls and management of risks
- to promote a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement; and
- to promote the development of internal controls and systems which will help satisfy the board that the Trust will achieve its objectives and targets and is operating:
 - In accordance with any statutory requirements for the use of public funds;
 - In a manner which will make most economic and effective use of resources available.

Chief Executive Headteacher - Accounting Officer

The funding agreement identifies the Chief Executive Headteacher (CEH) as the Accounting Officer (AO) who must have oversight of financial transactions by:

- ensuring the academy trust's property and assets are under the trustees' control and measures exist to prevent losses or misuse
- ensuring bank accounts, financial systems and financial records are operated by more than one person
- keeping full and accurate accounting records to support their annual accounts.
- completing a statement on regularity, propriety and compliance each year
- demonstrating how the trust has secured value for money in the governance statement in the annual audited accounts.
- advising the Trust board in writing if considering any action that is incompatible or conflicts with the Trust Articles of Association, Funding Agreement or ATH.

Chief Finance and Operations Officer- Chief Financial Officer

The Chief Finance and Operations Officer has been appointed as the Chief Finance Officer (CFO) for the Trust. Key responsibilities for the CFO include:

- responsibility for the trust's detailed financial procedures.

The CFO supports the CEH, Trustees, the academy Local Governing Body (LGB) and Headteachers in securing value for money across the Trust.

Head of Finance and Operations

The Head of Finance and Operations supports the CEH and CFO to oversee the Trust's financial affairs and governance arrangements, supporting Head teachers and School Business Managers in the setting and monitoring of annual academy budgets, working with internal and external auditors to make certain Trust Policies and procedures are applied consistently and effectively to ensure Trust objectives can be achieved.

The Internal Scrutiny/Internal Audit Service

The Trustees oversee and approve the trust programme of the internal scrutiny to provide independent assurance to the board that its financial and non-financial controls, and risk management procedure are operating effectively. Internal scrutiny focus on:

- evaluating the suitability of and level of compliance with, financial and non-financial controls
- offer advice and insight to the board on how to address weaknesses in the financial and non-financial controls
- ensuring the categories of risk are being adequately identified, reported and managed
- report findings to the committee and produce an internal scrutiny summary report to be submitted with the annual Trustee Report and audited accounts.

Sunderland City Council Internal Audit team have been appointed to undertake the role of Internal Scrutiny for the Trust.

Academy Headteachers

Within the framework of the Trust Scheme of Delegation and development plans as approved by the Trustees, the Headteachers have overall responsibility for their own academy's activities including financial activities. Financial responsibility can be delegated to the Business Manager of each academy as determined by Trustees. The academy Headteacher is responsible to the LGB for ensuring:

- regularity and propriety
- prudent economical administration
- avoidance of waste and extravagance
- efficient and effective use of available resources and
- the day-to-day organisation, staffing and management of the academy.

In line with Trust Scheme of Delegation:

- approve staff appointments within the authorised establishment, except for senior posts which will be approved by the Trustees
- authorisation of agreed expenditure
- sign cheques in conjunction with other authorised signatories.

The School Business Managers

The Business Manager of each academy works in close collaboration with the Headteacher of that academy through whom he or she is responsible to the Board of Trustees and LGB. The main financial responsibilities of the Business Manager for each academy include:

- managing budgets
- attending to the day-to-day administration and operational needs of the academy
- supervising premises management
- line managing staff
- ensuring best value in all services and avoidance of waste.

Other Staff

Other members of staff will have financial responsibilities, and these will be determined by each academy. All staff are responsible for the security of academy property, for avoiding waste, loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trustees and staff must declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection and published on the Trust website.

The register includes all business interests such as Trusteeships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Trustee or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of Trustees and staff to declare interests whenever they are relevant to matters being discussed by the Board or a committee. Where an interest has been declared, Trustees and staff should not attend that part of any committee or other meeting.

A register of pecuniary interest will be maintained and annually updated by each academy.

3. Accounting System

All financial transactions for the Trust and each academy must be recorded on the SAP accounting financial management system and reconciled with the bank on a monthly basis. All transactions must be authorised in line with the Trust Scheme of Delegation and in accordance with Trust procedures. Detailed information on the use of the system can be found in the user manual held in the main academy office and any issues with the system should be reported to the Head of Finance and Operations or CFO. Access to the system is password restricted. Effective back up procedures are in place and stored off site therefore mitigating the risk of lost financial data.

4. Financial Planning

In conjunction with the Headteachers of each academy the Trust must prepare three-year financial plans. The board of trustees must approve a balanced budget for the financial year which may draw on unspent funds brought forward from previous years.

A medium-term financial plan, a Trust Improvement Plan (TIP), is prepared as part of the development planning process. The TIP indicates how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The TIP provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year, taking into account the requirements of each academy.

Annual Budget

The Trustees delegate responsibility to the LGB and academy Headteacher to manage and expend all monies received on account of its respective academy for the purposes of the academy less an amount to be determined each year by the Trustees. Each academy will receive its own budget and will follow procedures for setting, balancing and finalising the budget as determined by the Trust in line with the objectives of the TIP supported by the CEH, CFO, Head of Finance and Operations.

Monitoring and Review

School Business Managers undertake monthly reconciliations and review management reports prepared by the Head of Finance and Operations for their academy. The reports will be at a summary level for the Headteachers and are sent to the Trustees monthly and presented to the Finance, Staffing,

Audit and Risk Committee for review and challenge. Procedures for monitoring at academy level will be overseen by the CEH, CFO and Head of Finance and Operations.

Borrowing

Restrictions on the Trust's power to borrow are set out in the funding agreement. The Trust must obtain the Secretary of State's prior approval for borrowing (including overdraft facilities but excluding finance leases on the DfE approved list), from any source where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies regardless of the interest rate chargeable.

The funding agreement imposes distinct restrictions on the Trust in relation to leases. Specifically, the Trust needs the Secretary of State's consent if it wishes to take out a lease as permitted in the current ATH.

Trustees need to be aware that certain types of leases may involve an element of borrowing and so irrespective of the term of the lease, the Secretary of State's consent would be required in respect of the borrowing element excluding finance leases on the DfE approved list.

In relation to the borrowing restriction, any lease which falls within the definition of a "Finance Lease" (as defined under accounting relevant financial reporting standards) will involve borrowing. An "Operating Lease" would not involve borrowing and so would not require the Secretary of State's consent provided the lease was within the limits set by the DfE as stated in current ATH.

If the Trust does wish to take out a lease that does not involve borrowing but which does require the Secretary of State's consent, then the Trust will need to contact their DfE representative in the first instance who will need to make an assessment of the merits of the case and, if appropriate, will seek the necessary consent. If the Trust is in any doubt as to whether or not any particular lease does or does not involve an element of borrowing it should resolve the issue by contacting its professional financial adviser and/or external auditors.

5. Payroll

The main elements of the payroll system are:

- staff appointments
- payroll administration
- salary payments.

Staff Appointments

The Board will be responsible for the appointment of the CEH, academy Headteachers, Leadership Team and equivalent.

Responsibility for shortlisting and interviewing can be delegated to a committee of the Board although ratification of the appointment will be required by the Board for the CEH, Headteacher and the Deputy Headteacher.

Appointments of other staff will be determined by each academy, in line with their procedures.

Payroll Administration

The Trust payroll is administered by Sunderland City Council payroll services.

Procedures regarding payroll authorisation and payments will be determined by the Trust and as set out in the agreed Trust Scheme of Delegation.

Purchasing

The Trust must be able to achieve value for money from all purchases. Trust purchases are paid for with public funds and integrity of these funds will be maintained by following the general principles of:

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

Routine Purchasing

In the first instance any purchase must be discussed with academy Headteachers to ensure the purchase is in line with academy objectives. Value for money principles must be applied to all Trust purchases and three written quotations must be sought for any spends of £500 or over. Written quotations should be attached to the requisition before approval.

Purchases for the academy up to a value of:

- Up to £5,000 needs to be approved by the Headteacher (Or in their absence approval by the Deputy Headteacher)
- Between £5,000 to £15,000 will require the approval of the CFO/CEH
- Between £15,000 to £25,000 will require the approval of the Trustees Finance, Staffing, Audit and Risk Committee and signed by Chair of the Committee
- In excess of £25,000 will require Trustees approval and signed by the Chair of the Trust

Each academy will be responsible for its own purchasing in line with the Trust Scheme of Delegation and financial procedures.

Forms of Tenders

The procedures below relate to tenders for the Trust. Procedures relating to tendering for each academy are determined by the Trust.

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

- **Open Tender:** This is where all potential suppliers are invited to tender. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,
 - additional deliveries by the existing supplier are justified.

Preparation for Tender

Full consideration should be given to:

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

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

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

An invitation to tender should include the following:

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

Tender Acceptance Procedures

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

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- for contracts up to £25,000 – two, at least one whom should be a Headteacher plus other one Trustee
- for contracts over £25,000 - two, at least one whom should be a Headteacher plus one other Trustee from the Finance, Staffing, Audit and Risk Committee.

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.

Tendering Procedures

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

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

Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance, Staffing, Audit and Risk Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be

reported to the Finance, Staffing, Audit and Risk Committee.

Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the Trust. All parties should then be informed of the decision.

6. Income

The main sources of income for the Trust are agreed annual contributions from each of the Trust academies. The amalgamation of a proportion of funding to form one central fund will be used to meet the normal running costs of the largest academy within the Trust.

The main sources of income for the academies are grants from the DfE and LA. The receipt of the income is monitored in each academy by the School Business Manager, and any queries are raised with the CFO who is responsible for ensuring all grants due are collected.

The percentage of each academy's annual budget available to the Trust will be determined annually by the Board as stated in the Scheme of Delegation.

Other sources of income are:

- Pupils for meals, trips, music tuition etc
- Public for the hire of facilities, school events

7. Cash Management

Bank Accounts

The opening of all accounts must be authorised by the CEH who must agree the arrangements covering the operation of accounts, including transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds is also subject to the same level of control.

Payments and withdrawals

All cheques, debit card payments, petty cash payments and other instruments authorising withdrawal from Trust bank accounts bear the signatures of two of the authorised signatories, as agreed by the Board of Trustees.

Administration

The School Business Managers must ensure bank statements are produced/received regularly and that reconciliations are performed on a monthly basis.

Reserves and Investments

The Trust will review the levels of reserves at least annually and agree the level necessary to meet the long-term need of renewal and unforeseen contingencies.

Investments will be made in line with agreed procedures, Trust approved policy and Articles of Association. All investments will be risk-averse and as a minimum investment will cover one month's running costs of the largest academy as agreed by the Board.

8. Fixed assets

The Trust has overall responsibility for the assets of each academy. However, recording and security of such assets, including purchase, depreciation, loan and disposal will be the responsibility of each academy School Business Manager.

Before disposing of any asset each academy must:

- maintain the principles of regularity, propriety and value for money
- consider public sale where assets have a residual value
- seek and obtain prior approval in line with ATH, Trust Scheme of Delegation and Trust Financial Handbook
- ensure the disposal is correctly recorded in the asset register.

9. Depreciation of Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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 so as to reduce the fund over the useful economic life of the related asset in line with the academy trust's Fixed Asset and 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 over its expected useful life as follows:

- | | |
|------------------------------------|-----------|
| • Land | 125 years |
| • Freehold buildings | 50 years |
| • Long leasehold buildings | 50 years |
| • Fixtures, fittings and equipment | 10 years |
| • ICT equipment | 4 years |

The expected useful life of all assets will be assessed prior to depreciation calculations and recorded on the Fixed Assets Register.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.