

The Skylark Partnership – Financial Regulations Manual 21/22



Ratified by Trust Board September 2021

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1. Introduction

The funding agreement between The Skylark Partnership and the Secretary of State commits the School to be fully compliant with the Academy Trust Handbook (ATH, previously the Academies Financial Handbook). The ATH is issued each year between June and August with an effective date from the following 1st September and lasts for a period of twelve months. The ATH will always take precedence over anything contained in The Skylark Partnership Financial Regulations Manual (FRM).

A copy of the current Academy Trust Handbook can be found [here](#)

The purpose of this manual is to highlight specific requirements of The Skylark Partnership and to build on the ATH ensuring that systems of financial control conform to the requirements of propriety and good financial management.

This manual should be read and referred to by all staff involved with any elements of finance management and budget setting, monitoring and control.

2. Organisation

The Skylark Partnership has defined the responsibilities of each group or persons involved in the administration of the charity's Alternative Provision (AP) finances, in order to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Local Advisory Boards and Staff. The financial reporting structure is illustrated below:

The Skylark Partnership Board of Trustees

The Board of Trustees has overall authority for all financial matters and/ or decisions relating to the charity AP and are responsible for ensuring that the academies conform to the requirements of the DfE, ESFA and other regulatory bodies. The Trust Board delegates any of its financial oversight of the Trust's financial performance to the Trust's Finance Committee, but not the Local Advisory Boards. Further details can be found in the Trust's Scheme of Delegation which is reviewed annually. This is available on the website [insert link to new SoD on website](#)

Local Advisory Board (LAB)

A LAB has been appointed at each academy with delegated responsibilities for a range of duties as detailed in the scheme of delegation. This has been summarised for ease of reading and can be found here [\(insert link to LAB summary\)](#)

The Trust Finance Committee (FC)

The main responsibilities of the Finance Committee are detailed in the committee's terms of reference which have been approved by the Trust Board. The main responsibilities include:

- The regular monitoring of actual expenditure and income against budget.
- To review outturn forecasts for the current and future financial years.
- To review three year forecasts and any other financial plans as required.
- Authorising the award of contracts over the set threshold.
- To put in place and monitor a process for independent checking of financial controls systems and transactions.
- To review the internal assurance reports and action any recommendations.
- To establish, monitor and review the risks to The Skylark Partnership.
- To agree a programme of works that will give assurance to internal and external stakeholders that financial systems are “sound” and risks are being “minimised”.
- To provide an annual report to the Trust Board and to prepare a report for inclusion in the annual statutory accounts of The Skylark Partnership .
- To ensure that the Statutory Accounts of the Trust are produced in accordance with and meet the requirements of the ESFA and other stakeholders.

Chief Executive Officer (CEO)

The CEO holds the title of Accounting Officer for The Skylark Partnership. However, they delegate some of their financial responsibilities to the Heads of the academies; in so much that they become the Local “Accounting Officer” for that establishment. The CEO and CFO meet monthly with the academy headteachers to review the accounts for their establishments.

Chief Financial Officer (CFO)

The CFO has delegated responsibilities from the Trust Board and CEO for group finance as a whole. The CFO also attends the Finance Committee meetings. The main responsibilities of the CFO are:

- The management of the Trusts financial position at a strategic level within the framework for financial control determined by the Trust Board.
- The maintenance of effective financial and HR systems of internal control.
- The maintenance and authorization of banking entries and transactions.
- The accurate production, maintenance and authorization of payroll transactions.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of The Skylark Partnership.
- Ensuring forms and returns are sent to the ESFA on time.
- Monthly payroll for all academy staff.

Finance assistant

The finance assistant is responsible for uploading trust invoices to Xero for authorisation by the CFO and for keeping the trust asset register up to date and relevant, using the Parago software.

The Headteacher (HT) of the Individual Academies

The Headteacher has delegated powers in accordance with the scheme of delegation agreed by the Trust Board and reviewed on an annual basis. The HT retains local responsibility for oversight of:

- The day to day financial activities of the academy and holds the title of local “Accounting Officer” as defined by the ESFA (see also financial scheme of delegation which can be found [here](#)).

- Approving, along with the LAB, new staff appointments

Other Staff

Other members of staff, primarily the Academies Leadership Teams, and Business Teams will have some financial responsibilities and these are detailed in the following sections of this manual. Everyone is responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust financial procedures and public procurement and probity rules.

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 members, trustees, advisory board members and staff are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share-holdings or other appointments of influence within a business or organisation which may have dealings with the academy and 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, advisory board member 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, local advisory board members and staff to declare interests whenever they are relevant to matters being discussed by the Trust, local advisory board or a committee. Where an interest has been declared, trustees, local advisory board and staff should not attend that part of any committee or other meeting.

All people involved in governance are asked to declare any pecuniary interests at the start of all meetings.

Related party transactions

All transactions with related parties must be reported to the ESFA using their related party online form. This must be completed before the transaction takes place. This will apply to all contracts and agreements, since the trust opened on 1st April 2019. This does not include salaries and other payments made by the trust to a person under a contract of employment through the trust's payroll.

Approval will be sought for all transactions with related parties on or above the limits outlined in the ATH.

3. Accounting System

All the financial transactions of the Trust are recorded on its accounting system Xero, supported by Budget Planning Software (BPS) in conjunction with the payroll software, EduPay all which will be operated and maintained by the Trust's Finance Department.

System Access

Entry onto the web-based accounting system is password protected and users will be restricted to those areas of the software that are specifically required for them to carry out their duties. Access to the system can only be issued by the system administrator, the CFO, with written authorization from the CEO (see accounting systems access statement).

Back-up Procedures

Accounting data is stored electronically in Google Drive so is cloud based. The finance area has restricted access and only the CEO and CFO can access the files. Information on Xero is cloud based and not located on a server. Access to this data is outlined in the access statement above.

The disaster recovery plan includes an element relating to the loss of accounting facilities or financial data and is included as a risk within The Skylark Partnership risk register (see point 17 on risk register). The disaster recovery plan is reviewed as part of the risk management process.

Transaction Processing

All transactions input to the accounting system must be entered in accordance with the processes and procedures agreed and approved by the CEO. For the avoidance of doubt the CFO has the day to day responsibility for ensuring that accounting processes and procedures are adhered to and complied with.

Transaction Reports

The Chief Finance Officer (CFO) will produce batch payment summary (transaction) reports and reviews to ensure that only authorised transactions are posted to the accounting system. The format of the reports will be determined by the requirements of the organisation and external stakeholders, most frequently produced will be the Balance Sheet, profit and loss and cashflow.

Reconciliations

The CFO is responsible for ensuring that reconciliations are performed on a monthly basis for banking, payroll and pensions, quarterly for VAT returns and that any unreconciled amounts are cleared, challenged, remedied and reported on where appropriate and necessary.

The CFO will review and sign all reconciliations and ensure that any unusual or long outstanding reconciling items are brought to the attention of both the CEO and Chair of Finance committee at Finance Committee meetings

Gifts in Kind

Under charity accounting rules, the Trust is required to account for gifts in kind, including donated services and facilities but excluding contributions from volunteers (more information can be found in the Trust policy Gifts, Bribes and Hospitality Policy, available on our website).

4. Financial Planning

The Skylark Partnership prepares both three year financial forecasts and annual budgets.

An indicative three year forecast is prepared by the CFO, supported by advice from MLG Accounting, as part of the budgeting process and is an indication as to the ability of The Trust to meet its current obligations and future expenditure forecasts given the current and future level of funding it expects to receive.

This three year forecast provides the initial framework for the annual budget. The annual budget is a detailed statement of the expected resources available to The Trust and the planned use of those resources for the following year.

The financial planning process is described in more detail below.

Three Year Forecasts

The three year forecast is concerned with the future financial viability of The Trust and how it will be able to achieve a balanced budget. Plans are kept relatively simple and flexible.

The form and content of the three year forecast have been determined by The Trust giving due regard to the matters included within the guidance to Academies and any annual funding or operating guidance issued by the ESFA.

Annual Budgets

The CFO is responsible for preparing the draft budget, in consultation with MLG Accounting, for the following financial year. The CFO will confirm to the HT of the academies:

- The Income to be received from the ESFA
- The income to be received from the Local Authority High Needs Block.
- The timeline for preparation of the budget

Once the draft budget has been completed it is to be submitted to the Finance Committee (FC) for review and approval. Once agreed by the FC they will recommend acceptance of the budget to the Trust Board. The Trust Board must “Approve” the budget.

The approved budgets will form part of the Budget Forecast Return (BFR) which the Trust must complete and submit to the ESFA .

In May, an Academies Budget Forecast Return outturn (BFRO) will be made to the ESFA. In July, and Academies, Budget Forecast Return 3 year (BFR3Y) will be made to the ESFA.

The financial planning process will incorporate the following elements:

- Review of the initial funding letter published by the ESFA to the Trust including the clarification of any areas of concern.
- Review of other income sources available to the Trust, including but not limited to, the local authorities, and self-generating income such as lettings and charging to schools to assess the likely level of receipts;
- Review of past performance against budgets to promote an understanding of the Trust cost base and reasons for unexpected variations.
- Review of the main expenditure headings including any adjustments for pay increase, inflation and identification of any efficiency savings.

- To factor in any expected changes in light of any development plan or other objectives that the Trust may have.

Monitoring and Review

Each month a Trust financial report will be produced by the CFO, in association with MLG Accounting, who will report to the Finance Committee. The chair of the Trust will sign off all reports.

5. HR & Payroll (see also Payroll Policy)

HR administration is currently commissioned from LGSS, part of the Northamptonshire local authority HR service for Hospital and Outreach Education AP Academy and from Dudley Local Authority for Cherry Tree Learning Centre and from Browne Jacobson for the Trust.

Payroll services are managed in house for all Trust staff using the Edupay software.

The Headteachers have the authority to appoint staff within the authorised model. The CFO and HR assistant maintains personnel files for all members of staff which include contracts of employment, using the BPS software packages.

A hard copy of the agreed monthly payroll must be authorised by the Chair of Trustees, CFO and CEO the authorisation kept as a record. All salary payments to individuals and deductions from payroll due to third parties are made by BACS by the last banking day of the month.

Payslips are available electronically for download from the Edupay system.

6. Purchasing

The Trust wants to achieve the best value for money from all our purchases. Value for money is a combination of quality, quantity, time and price. The majority of the trusts income is from public funds and therefore the general principles of public purchasing must be followed at all times.

- 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.
- That the Trust achieves value for money

Routine Purchasing

Within each academy, the Headteachers are designated as 'budget holders' It is the responsibility of the budget holders to ensure that the funds allocated and available are not overspent and are in line with the principles of purchasing – probity, accountability and

fairness and value for money. Each HT has their own corporate finance card with a spending limit of £1000 per month.

Routine purchases requested by staff of up to £1000 can be submitted for authorisation via Spiceworks ticket system, provided that the order is within the budget holder's overall limit. Spiceworks ticket requests for over £1000 require additional authorised signatory e.g. HT, CEO, CFO, Trustee or another authorised official.

In the first instance a supplier should be chosen from a list of approved suppliers maintained by the CFO/Finance Assistant. The Approved Supplier List is any supplier that we have used in the past to obtain goods or services, and is available from the Xero system. If it is considered that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the HT and CFO.

The Trust has built up a relationship with a large number of local suppliers who, over the years, have given value for money by meeting our needs for a quality product at the right price. Whilst the use of "Long Standing Suppliers" is encouraged we must not become complacent and it is therefore necessary for us, at least annually, to carry out a market check to ensure that the price being charged to us is still in line with other suppliers.

A quote or price must always be obtained before any Spiceworks ticket is completed. All Spiceworks tickets must be authorised prior to the order being placed in accordance with the following limits:

- Budget Holders - up to £1,000
- CEO, CFO - up to £5,000
- CEO, CFO and Chair of FC - up to £50,000
- CEO, CFO plus Chair of FC and full Trust Board - £60,000

A minimum of two people must authorise the Spiceworks tickets. Self-authorisation is not allowed.

All orders allocated a Spiceworks Ticket number and entered into Xero. The orders are then placed.

Goods delivered to the Trust will be checked against the original order to ensure that they are complete. This will entail a detailed check of the goods received against the delivery advice note and a record of any discrepancies between the goods delivered and the advice note is made. Discrepancies should be discussed with the supplier of the goods without delay. After checking, delivery advice notes should be passed to the Finance Assistant.

The receptionists must make appropriate arrangements with the site staff for the delivery of goods to the appropriate part of the Trust's sites.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Assistant should be notified. The Finance Assistant will keep a central record of all goods returned to suppliers.

All invoices should be sent to the Finance Assistant where it can be matched against the delivery note, prices and VAT checked, coded and then can be input onto the Xero accounting system. In the event of any query in this process the Finance Assistant should consult with the requester and should inform them immediately in the event of a query requiring any resolution that has not already been authorized.

Once a month, the CFO will review the invoices and the accompanying paperwork and arrange payment.

Once authorized the CFO will then generate a “payment run” list. Payment runs will only be produced for BACS payments, cheques will not be used. Payment run lists will be reviewed for accuracy and validity and changes made as necessary. The draft proposed “Payment List” will then be sent to the CEO, together with supporting paperwork, for authorisation for payment to be released. Once this has been approved the CFO and the CEO will authorise the BACS payment via our electronic bank software. Remittance advice for suppliers who are to be paid by BACS will be sent via Email.

For orders up to £50,000

To ensure we obtain the best value for money, at least three quotations should be obtained for all orders between £5,000 and £50,000. All of the quotations obtained should be attached to the Spiceworks ticket and submitted to the CFO for review. Telephone quotes are acceptable providing this is confirmed by the supplier via email before a purchase decision is made. If three quotes are not obtained the reason or reasons should be clearly stated on the Spiceworks ticket.

For orders over £50,000

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 will be subject to informal tendering procedures. The CFO must be informed immediately it is recognised that the contract will exceed the £50,000 limit. (Remember that a three year contract at £20,000 per annum is, for purchasing purposes, a £60,000 contract and therefore subject to tendering procedures).

7 Expenses

The Trust seeks to reimburse employees for all reasonable and prior agreed expenditure incurred on behalf of The Trust whilst undertaking Trust business.

Expenses to be reimbursed must fit the following criteria:

- Be of benefit to the Trust purpose
- Are not of a purely personal nature
- Are reasonable
- Have been agreed in advance

It is not intended that employees should make a profit from expense payments or expense payments be used as a means of remunerating staff neither is it intended that employees should be “out of pocket”.

HMRC legislation relating to employee expenses and benefits will apply to all expense payments.

The Trust has a statutory responsibility to inform HMRC of expense payments made to employees that do not conform to the “statutory exemptions” from reporting given by HMRC.

Expenses are submitted to the Edupay portal after initial authorization by the Headteacher and will be paid monthly as part of the normal salary run.

8 Income

The main sources of income for The Trust are grants from ESFA and from the High Needs SEND Block at Dudley Local Authority (DLA). The receipt of monies from the ESFA and the Local Authorities and other grants is monitored by the CFO.

The Trust also obtains income from:

- Charges made to schools for teaching services
- Students, mainly for visits and activities
- Sponsors and Business, mainly in the form of lettings, donations and grants.
- Department for Education grants e.g. Transition Fund

Visits and Activities

A trip leader must be appointed for each visit or activity. The trip leader must provide details to the Office Manager of each student eligible to participate in the visit or activity along with the total number of places available and the amounts due.

Students should make payments via internet banking where possible. Cash will also be accepted. A receipt must be issued for all monies received and the value of the receipt and the number of the receipt recorded against the name of the student making the payment.

The Office Manager can produce an up to date record for each visit and activity showing the amount paid and the amount outstanding by the student. This record should be sent to the as requested, and the trip leader is responsible for chasing the outstanding amount.

Bad Debts

Debts can be written off by the trustees up to £6000 on an annual basis. ESFA approval may be required for writing off bad debts or more than this amount.

9 Cash Management

Bank Accounts

The Trust will operate one bank account. No other accounts will be authorised.

Deposits

Particulars of any deposit must be entered on a copy paying-in slip with a counterfoil.

The details should include:

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

Payments and Withdrawals

BACS, faster same day payments and other instruments authorising withdrawal from the Trust bank account must have authorisation via two people for the online banking system, namely the CFO and CEO.

Administration

The CFO must ensure bank statement reconciliations are performed on a monthly basis. Reconciliation procedures must ensure that all bank account statements are reconciled to the Trust cash management transactions recorded in its accounting system.

Petty Cash Accounts

No petty cash accounts are currently held by the Trust.

Physical security of cash collected for trips and visits will be held in a safe and banked at the earliest opportunity.

Cash Flow Forecasts

The CFO maintains and updates the Trust cashflow taking live data from the bank feed. The CFO in conjunction with the CEO are responsible for ensuring that the Trust has sufficient funds available to pay for day to day operations. If significant negative balances can be foreseen, steps should be taken to invest the extra funds.

10 Fixed assets

Asset and Attractive Items Registers

All non-consumable items purchased with a value over the Trust capitalisation limit, £2,500, must be entered in the Fixed Asset Register. This is currently undertaken across the Trust using the Parago software and the register kept electronically.

Non-consumable items valued at under £2,500 are also recorded on Parago.

This register helps to:

- 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 Trust financial system and
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of Assets

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

All the items in the registers will be visibly marked with a QAN code and a security number. There is an annual inventory inspection carried out by the CFO who is not 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 CFO.

Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the HT, CEO or CFO and, where significant, should be sold following competitive tender. The Trust may need to seek the approval of the ESFA for certain types of disposal.

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

The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Trust assets.

Loan of Assets

Items of Trust property must not be removed from Trust premises without the authority of a member of the School Leadership Team. For more expensive items, such as IT equipment, the person loaning out the equipment is required to sign a Loan Form. All equipment will be booked back in School when it is returned on the same form.

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 should therefore be kept under review and any potential benefits discussed with the Trust auditors.

11 Transactions Where ESFA Approval May Be Required

Write Offs and Entering into Liabilities

The Skylark Partnership may write off debts and losses, including any uncollected fines, and enter into any guarantees, indemnities or letters of comfort up to a maximum of £250,000. The limits are 1% of total annual income or £45,000, whichever is smaller per single transaction. That is, cumulatively not more than 5% of the total annual income in any one

financial year per category of transaction. Over these limits, ESFA approval must be sought prior to the transaction being agreed.

Staff Severance Payments

These payments are made to employees outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. They are different from ex-gratia payments. The Trust is allowed to self-approve these payments providing any non-statutory or non-contractual element is under £50,000. Approval for these payments must be sought from the CEO and from the Finance Committee. Approval for amounts in excess of the limit must be sought from the ESFA PRIOR to agreement with the employee.

The Trust will demonstrate the same value for money by applying the same scrutiny to a payment under £50,000 as those over £50,000 and will have a justified business case. Settlements will be not accepted unless they satisfy the conditions in the AFH (2019) and the ESFA's guidance and submission template.

Compensation Payments

Compensation payments are made to provide redress for personal injuries, traffic accidents, damage to property etc. When considering making a payment of this type, it is essential that the facts are carefully appraised and legal advice is sought. The Trust is allowed to make compensation payments under £50,000 excluding any non-statutory or non-contractual element. Approval for these payments must be sought from the CEO and both the Chair of the Finance Committee.

Ex Gratia Payments

These payments must always be referred to ESFA for prior authorisation.

Acquisition and Disposal of Fixed Assets

The written approval of the Secretary of State must be obtained prior to either acquiring or disposing of a freehold on land or buildings and disposing of any "heritage assets". Other than those, The Trust is free to dispose of any other fixed asset as it sees fit providing the principles of regularity, propriety and value for money are maintained.

Leasing

This is a complicated area and when considering a lease the Finance Committee must be involved in approving the lease commitment PRIOR to sign off. Please ensure that the CFO is involved in the process as early as possible.

12. Related party transactions

(Please refer to Sections 5.35 - 5.44 of ATH 2021) and Conflict of Interest Policy

13. Trust response to findings and recommendations from internal and external audits

The findings and recommendations from any internal external audits will be shared with the Finance Committee. They will ask the accounting officer to draw up an action plan with clear lines of responsibility and dates for completion. These action plans will be reviewed as a standing agenda item at every finance trustee meeting and progress towards recommendations noted.

The trust will follow the same procedures for any findings and recommendations from internal audit reports also. The trustees will hold the Accounting Officer to account for any remedial actions required, and issue a timeline for completion.