

Financial Regulations Manual

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Overview

The OAT finance team co-ordinates the financial activities of your academy, helping standardise processes where it is sensible to do so (to nurture efficiency and best practice), while giving you the freedom to manage your own financial affairs.

We manage certain financial services centrally, such as statutory and internal auditing, insurances, payroll and management of the accounting system. In this way, we work together to achieve economies of scale, saving you money when buying goods and services.

We help all academies to manage their budgets effectively and generate surpluses in the medium term giving your governing body and the OAT trustees confidence in all aspects of your ongoing viability.

The purpose of this manual is to ensure that each OAT academy develops and maintains effective internal controls, processes and financial systems. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE) and the guidance from the Education Skills and Funding Agency (ESFA).

Academies Financial Handbook

All academies are required, as a condition of the Trust's funding agreement, to comply with the Academies Financial Handbook published by the ESFA. The Handbook is revised and updated for each academic year, and is available at <https://www.gov.uk/government/publications/academies-financial-handbook>. The Handbook sets out the financial management, control and reporting requirements that apply to all academy trusts. It describes a financial framework for trusts that focuses on principles rather than detailed guidance and reflects the accountability of all academies to Parliament and to the public. All finance team members are expected to have read and be familiar with the requirements of the Academies Financial Handbook.

In the event of an inconsistency between this manual and the current version of the Academies Financial Handbook, the guidance in the Handbook should be applied. Please notify Sarah Vout (Head of Finance) (sarah.vout@ormistonacademies.co.uk) if any such inconsistency is identified.

Structure

Ormiston Academies Trust is a limited company, and an exempt charity.

The responsibilities for the financial management of the Trust and its academies are outlined in the [Scheme of Delegation](#), which is available at <http://www.ormistonacademiestrust.co.uk/scheme-of-delegation>. An extract from this document as it applies to finance, is included at Appendix I.

The structure of the Trust enables the Accounting Officer (who is also the Chief Executive Officer), to discharge his responsibility to the ESFA for ensuring the regularity and propriety of all expenditure of its funds and for ensuring value for money.

The ESFA defines “value for money” as:

“Achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration.”

Finance team

The OAT finance team is led by Paul Nye, Chief Operating Officer. The Head Office finance team includes:

- Claire Lovell, Head of Academy Finance (interim)
- Sarah Vout, Head of Finance
- Michelle Hanks, Management Accountant
- Margaret Richardson, Finance Assistant
- Lu Fan, Finance Assistant

The finance team is supported by Regional Finance Directors, who work closely with the academy Finance Directors to ensure that the academies have appropriate financial systems and controls in place. The Regional Finance Directors provide valuable local support to the academies in their area, with a formal visit to each academy at least once a term and telephone and other support provided as necessary.

The Regional Finance Directors are:

- Michael Bullard, Regional Finance Director – North
Ormiston Bushfield Academy, George Salter Academy, Ormiston Ilkeston Enterprise Academy, Ormiston Maritime Academy, Ormiston Meadows Academy, Ormiston Sandwell Community Academy, Ormiston Sheffield Community Academy, Ormiston South Parade Academy, Wodensborough Ormiston Academy
- Laura Hyams, Regional Finance Director – South
Cowes Enterprise College, Ormiston Park Academy, Ormiston Rivers Academy, Ormiston Six Villages Academy
- Sharlene Attwood, Regional Finance Director – West
Ormiston Chadwick Academy, Ormiston Forge Academy, Ormiston Horizon Academy, Ormiston Meridian Academy, Ormiston New Academy, Packmoor Ormiston Academy, Ormiston Sir Stanley Matthews Academy, Ormiston SWB Academy, Tenbury High Ormiston Academy
- Sam Thomson, Regional Finance Director – East
City of Norwich School, Cliff Park Ormiston Academy, Ormiston Denes Academy, Edward Worlledge Ormiston Academy, Ormiston Endeavour Academy, Ormiston Herman Academy, Stoke High School, Ormiston Sudbury Academy, Ormiston Venture Academy, Ormiston Victory Academy

A regional structure showing how the academies are allocated into the above regions available on OATnet at <https://oatoe.sharepoint.com/sites/oatnet/academies/Pages/Start.aspx>.

The Head Office finance team and Regional Finance Directors support the Academy Finance Directors in delivering sound financial management in the areas for which they are responsible, as detailed in the [Scheme of Delegation](#) in [Appendix 1](#).

Finance calendar

A [Finance calendar](#) is available on the finance section of OATnet. The calendar shows the timing of the following activities:

- Management accounts
- Budgeting process
- VAT returns
- Internal audit
- External audit and financial reporting

Additional detail on the above areas is included later in this document.

Academy funding

ESFA funding

Academies receive funding from the Education and Skills Funding Agency (ESFA). These payments are made directly to OAT and then transferred to each academy's current account, net of the monthly partnership fee.

The main source of funding for academies is the General Annual Grant (GAG). GAG payments are received monthly in advance, and include the following elements:

- School Budget Share

This is calculated on the same basis as for maintained schools in the same local authority. A minimum funding guarantee is in place to protect this element of funding (for Y7-11) which limits any reduction in funding in comparison to the previous year to 1.5%.

- Education Services Grant (ESG)

ESG funding covers services that a local authority would normally pay to a mainstream school, for example HR, audit and asset management. ESG funding is being removed from September 2017, however protection arrangements are in place. Schools which convert to academy status from September 2017 onwards are not eligible for ESG funding or ESG protection.

- Additional funding where relevant:

- High Needs places

High needs funding is received from both the ESFA and from local authorities, as local authorities are responsible for commissioning education provision for pupils that attract high needs funding. Additional information is available at <https://www.gov.uk/government/publications/high-needs-funding-arrangements-2017-to-2018>.

- Post-16 funding

Post 16 funding is calculated using the 16 to 19 national funding formula and supplemented by additional funding for high needs students, bursaries and other financial support awarded to individual students. Additional information is available at <https://www.gov.uk/guidance/16-to-19-education-funding-allocations>.

- Start-up funding for new academies

In addition to GAG funding, academies may receive additional funding such as:

- Pupil Premium –additional funding to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers.
- Early years funding
- National non-domestic rates (NNDR) – academies are required to submit an online form to receive rates relief for academy buildings.
- PE and sport premium for primary schools
- Universal infant free school meals
- High needs top-up funding

Additional information on the basis of academy funding is available at <https://www.gov.uk/guidance/academies-funding-allocations>.

Guidance on how the above income streams should be recognised in the management accounts and financial statements is included in the Accounting treatments section of this manual.

School Improvement Investment Fund (SIIF)

All academies which are part of OAT are required to contribute a percentage of their annual GAG funding (excluding SEN funding) to the “School Improvement Investment Fund”. The rate for 2017/18 is 0.25%.

Contributions are required to be made annually in advance, and are deducted by OAT from the September GAG remittances.

The funding is managed by the Regional Directors in conjunction with the principals in their region to direct additional support to academies based on need.

Accounting system, internal controls and processes

Accounting system

All OAT academies are required to use the Hoge Access Dimensions accounting software package.

The system is operated on a hosted desktop – the R drive (Reports) includes a folder of Process Notes which provide guidance on how to perform various tasks in Dimensions.

The Hoge team are also available to provide support using the following contact details:

Tel: 01905 459921

Email: support@hoge100.co.uk

Bank and cash

Each academy has its own current account, which forms part of a Trust-wide bank facility. Academies are not permitted to open any bank account outside of this structure.

All bank accounts must be reconciled on a monthly basis. Reconciling items must be investigated and cleared on a timely basis. The reconciliation must be reviewed by a more senior member of staff, and signed as evidence of this review.

Additional information on banking processes is available on the finance section of OATnet.

Purchase ledger

Purchasing must be undertaken in accordance with the policy outlined in the “Purchasing” section of this document.

The purchase ledger must be reconciled to the purchase ledger control account each month. Reconciling items must be investigated and resolved on a timely basis. The reconciliation must be reviewed by a more senior member of staff, and signed as evidence of this review.

Finance teams must remain alert to the risk of mandate fraud. New supplier information and requests to make changes to existing supplier information must be verified in accordance with the supplier mandate change policy, which is available on the finance section of OATnet.

Sales ledger and credit control

The sales ledger must be reconciled to the sales ledger control account each month. Reconciling items must be investigated and resolved on a timely basis. The reconciliation must be reviewed by a more senior member of staff, and signed as evidence of this review.

Payroll

Education Personnel Management provides payroll services to all OAT academies and are responsible for making all payroll payments from the relevant current account using an Indirect BACS facility.

The Finance Director must review the Draft Costings and Payroll Variances document each month, and reconcile the total gross cost from the current month to that of the previous month. These processes must be completed before the payroll is authorized in the EPM Portal. If the Finance Director is also responsible for submitting payroll variation information, the payroll reports must be reviewed and authorised by the Principal.

All payroll control accounts must be reconciled each month. Reconciling items must be investigated and resolved on a timely basis.

The gross payroll cost for each month as recorded in the I&E must be reconciled to the payroll report and any reconciling items investigated and resolved on a timely basis.

Payroll reconciliations must be reviewed by a more senior member of staff, and signed as evidence of this review.

Fixed assets

All OAT academies are required to maintain a Fixed Asset Register (FAR) in the Asset Manager module of the Hoge Access Dimensions system.

Depreciation charges must be recorded each month and the fixed asset balance sheet codes must be reconciled to the FAR each month. Reconciling items must be investigated and resolved on a timely basis. The reconciliation must be reviewed by a more senior member of staff, and signed as evidence of this review.

Depreciation must be calculated in accordance with the Trust's accounting policy, which is as follows:

- Freehold buildings – 2% straight line
- Long leasehold buildings – 2% straight line
- Long leasehold land – straight line over 125 years
- Motor vehicles – 15% straight line
- Furniture and equipment – 10-15% straight line
- Computer equipment – 20% straight line

Journals

A journal log must be maintained listing all journals raised.

Journal vouchers and appropriate supporting documents must be retained for all journal entries.

The Regional Finance Director is required to review the journal log and monthly Hoge journal report (“Details of Nominal VJL & NJL Transactions” ACR report, available from Financials tab) to ensure that all journal entries are valid, and to sign the documents as evidence of this review.

Other internal controls and processes

- Income must be reconciled to GAG statements on a monthly basis.
- The VAT control account must be reconciled to the VAT return on a quarterly basis, with reconciling items investigated and corrected on a timely basis. The reconciliation must be reviewed by a more senior member of staff, and signed as evidence of this review.
- All other control accounts must be reconciled on a monthly basis, with reconciling items investigated promptly. Reconciliations must be reviewed by a more senior member of staff, and signed as evidence of this review.
- Supplier change reports must be reviewed on a monthly basis and sample checks undertaken to ensure that changes to bank details are properly supported.

Accounting treatments

Accounting policies

Accounting policies are detailed in the OAT financial statements, which are available at http://www.ormistonacademiestrust.co.uk/documents_and_policies.

Additional guidance is provided below in respect of revenue recognition and fund accounting.

Revenue recognition

The general principle for revenue recognition is that income is recognised when the Trust has an entitlement to the funds, the receipt is probable and the amount can be measured reliably. The accounting treatment required for the main funding streams is outlined below:

- GAG funding – this is received monthly in advance and so the income should be recognised in the month in which it is received.
- Pupil premium funding is received quarterly in arrears on 6 July, 6 October, 6 January and 6 April. The payment dates are based on the ESFA's financial year. An adjustment is required each year to accrue income for July and August and recognise a corresponding debtor (accrued income) in the balance sheet so that the income is recognised in the management accounts in the year to which it relates. The amount accrued should be calculated as $\frac{2}{3} \times$ July pupil premium receipt.
- Other grant funding – income should be recognised using the principles outlined above. Please contact your RFD or the Head of Finance if you need any further guidance.

Fund accounting

OAT is a charitable company and is required to produce financial statements each year in accordance with the latest Statement of Recommended Practice applicable to Charities (SORP).

The SORP requires the Trust and its academies to report all income and expenditure analysed into the following funds:

- Restricted Fixed Asset Fund – resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a specific purpose. Internally, this is separated into two nominal accounts within reserves:
 - RFAF – NBV of FA c/d – the balance on this reserve should always be equal to the carrying value of fixed assets.
 - RFAF – capital funding c/d – this represents the value of capital funds which have been received but which are unspent.
- Restricted General Funds – all other restricted funds received with restrictions imposed by the funder, included revenue grants from the ESFA.
- Unrestricted Funds – represent resources which may be used towards meeting any of the charitable objects of the trust at the discretion of the trustees e.g. additional income generated from property lettings.

Financial planning

Budget

All academies are required to prepare a balanced budget for the financial year to 31 August. The budget should be designed to implement the Academy Development Plan and must be approved by the OAT Board of Trustees. The timeline for budget preparation and approval is as follows:

Month	Task
December	First draft budget to be submitted to Regional Finance Director by 15 December 2017. RFDs to review and provide budgets and commentary to the Head of Academy Finance & the COO by 22 December 2017.
January	Draft budgets to be reviewed by Financial Oversight and Risk (FOR) Committee on 17 January 2018.
February	Review of budgets following FOR Committee comments.
March	Revised budget to be submitted the Head of Academy Finance by 31 March 2018.
April	Review of revised budgets by OAT finance team and discussion with FOR Committee.
May	FOR Committee meeting to approve revised budgets (16 May 2018 TBC). Head of Academy Finance to submit Budget forecast return: outturn to ESFA by 18 May 2018.
June	Final FOR Committee meeting (date TBC) to approve budgets, addressing any concerns raised at May meeting.
July	Budgets to be approved by Board of Trustees at mid-month Board meeting Academy budget forecast return completed the Head of Academy Finance and submitted to ESFA by 27 July 2018.

Reserves policy and life-cycling

Reserves are held for the following purposes:

- to cover working capital arrangements (forming part of restricted and unrestricted general funds)
- as a contingency to meet unforeseeable expenditure (forming part of restricted and unrestricted general funds)
- to fund planned and specific future capital expenditure (forming part of the restricted fixed asset fund).

The ESFA provides Devolved Formula Capital (DFC) funding to academies each year, to be used to fund improvements to buildings and facilities (including ICT), or to fund capital repairs/refurbishments and minor works. DFC funding is held centrally by OAT on behalf of the academies, to create a life-cycling fund. Applications to use DFC funds should be made to James Miller, National Director of Estates and Technology.

Management accounts

Management accounts must be prepared on a monthly basis, using the OAT template which is available on OATnet. A template checklist for the management accounts process, including a list of monthly reconciliation requirements, is also available on OATnet.

Cash management

Academy Finance Directors are expected to manage the cash position of their academy, avoiding going overdrawn. Bank accounts must be reconciled on a monthly basis.

Cash flow forecasts

A twelve month rolling cash flow forecast must be maintained, and submitted for review by OAT each month as part of the management accounts pack.

Treasury balances

OAT operate a treasury bank account with Barclays, which currently attracts interest of 0.25%. Academies which have surplus funds in their current accounts are able to transfer these funds to the treasury account to accrue interest if they wish. Account statements are provided by OAT on a monthly basis and the cash can be transferred back to the academy current accounts on demand. To ensure that this facility remains manageable, it is anticipated that any funds placed in this account would be held on a longer-term basis, with minimal transfers in and out of the facility.

Purchasing

Procurement strategy

The OAT Procurement Strategy, together with additional procurement guidance, is detailed on OATnet at https://oatoc.sharepoint.com/sites/oatnet/oat_tt/Pages/Home.aspx.

Scheme of delegation

The scheme of delegation for financial authorisation levels has been approved by the Board of Trustees and is included in [Appendix 3](#) to this document.

WebPortal

Hoge provide an online Purchase Ordering tool, which is compatible with the Hoge Access Dimensions accounting system. We recommend that academies implement this method of Purchase Order management.

Register of interests

Academies are required to maintain a Register of Business/Pecuniary Interests for their governors and senior staff.

Leasing arrangements

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership to the lessee. The classification of a lease agreement as an operating lease or a finance lease depends on the substance of the transaction, rather than on the legal form of the contract.

Operating leases may be entered into by an academy. The financial scheme of delegation limits apply to the total lease commitment value (see Appendix 3). If the operating lease relates to a leasehold or tenancy agreement for land or buildings for a term of seven or more years, prior approval is required from the ESFA. The academy must consult with Paul Nye prior to entering into such an arrangement.

Leasing arrangements (continued)

Finance leases are considered to be a form of borrowing and must not be entered into without prior approval having been obtained from the ESFA. An academy which is considering entering into a finance lease must consult with Paul Nye prior to entering into the lease arrangement.

Credit cards

Please refer to the Credit Card Policy which is available at <https://oatoc.sharepoint.com/sites/oatnet/governance/Pages/Policies.aspx>.

Monitoring

Overview

The financial performance and financial management of the academies is monitored by the Regional Finance Director, the academy's Local Governing Body, and by the FOR Committee.

- **Regional Finance Director**
The RFD will meet with the academy finance team on a regular basis, and at least once per term, to provide support in ensuring that the financial systems and controls in place at the academy are operating effectively.

The RFD will review the academy management accounts each month and collate the accounts into a regional report which will be submitted to the Head of Academy Finance for review.

- **Local Governing Body (or Finance & General Purpose Committee where relevant)**
The LGB should review the latest academy management accounts at each meeting. This function may be delegated to the F&GP Committee.
- **Financial Risk & Oversight Committee**
The Head of Academy Finance will provide the FOR Committee with summarised academy management accounts on a termly basis for review and challenge.

The FOR Committee is a committee of the main Board of Trustees. Its purpose is to oversee the efficient and effective management of finance and resources within the Trust.

RAG ratings

Academies will be RAG-rated – the classification as Red, Amber or Green will be dependent on a number of factors, including the financial position of the academy, accuracy of management accounts and budgets, and internal and external audit findings.

The RAG classification will guide the level and frequency of review of variances against budget by OAT and the FOR Committee. Additional details are included at [Appendix 2](#).

RAG rating of academies is set by the OAT head office finance team in conjunction with the FOR committee at the start of each financial year. RAG ratings may be reviewed as necessary during the year, by reviews will only be from Green to Amber or from Amber to Red.

Internal audit

An external accountancy firm is engaged centrally by OAT to perform internal audit services for the Trust. The internal auditor's role includes providing advice on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly basis, the internal auditor reported to the Audit Committee on the operation of the systems of internal control and on the discharge of the Board of Trustees' financial responsibilities.

The programme of work by the internal auditor is agreed in advance with the Audit Committee.

Internal audit services for the year ending 31 August 2018 will be provided by Mazars.

External audit

The external auditor is appointed by OAT to provide an audit opinion on the statutory accounts of the Trust, and also to provide an opinion on regularity. The external audit firm is also engaged to audit the Teachers' Pension Scheme returns and to prepare the Annual Accounts Return.

RSM have been appointed as external auditor for the year ending 31 August 2017.

The academy finance director is responsible for preparing all information requested by the external auditor in accordance with the audit timetable, and for answering audit queries on a timely basis. The regional finance directors will support the academies in their preparations for the audit.

Tax compliance

VAT

All OAT academies¹ are part of a single, Trust-wide VAT registration. Academies are required to maintain their own VAT records and to submit a VAT return to the OAT Management Accountant on a quarterly basis. It is expected that the ForMAT tool will be introduced during the year ending 31 August 2018 to enable VAT returns to be submitted to OAT directly from Hoge.

Academies are expected to be in a VAT refund position. The overall refund is remitted to OAT by HMRC and the academy refunds are then transferred to academy current accounts by the OAT finance team.

Employment taxes

Academies are responsible for ensuring that employment taxes are appropriately applied for all employees; in particular:

- **PAYE and NI**
Payroll services are provided by Education Personnel Management (EPM), who will calculate payroll taxes and process the relevant payments on behalf of academies using an indirect BACS facility.
- **PIIDs**
Academy FDs are responsible for preparing PIIDs in accordance with HMRC requirements in respect of all employees who receive taxable benefits.
- **IR35 requirements**
Academies are responsible for assessing the IR35 status of workers using the HMRC employment status tool which is available at <https://www.tax.service.gov.uk/check-employment-status-for-tax/setup>. Workers who are classed as an

¹ Excluding academies which are separate legal entities – currently Ormiston Bolingbroke Academy, Birmingham Ormiston Academy and The Gateway Academy.

employee using this tool and so fall within IR35 must have PAYE and NI payments deducted at source. Academies must work with EPM to process payments which fall within the scope of IR35.

Corporation tax

OAT is a corporate entity and exempt charity, and in accordance with the provisions of the Corporation Taxes Act 2010, profits from a charitable trade (i.e. a trade based on the charitable objects of the Trust) are exempt from corporation tax. This exemption covers the income for running an academy and ancillary services such as providing school meals, running school trips etc.

From time to time, HMRC may request that OAT submits a corporation tax return, and in this event the preparation and submission of the return will be co-ordinated by OAT with the support of an external corporation tax adviser.

Risk management

The finance director is responsible for maintaining the academy's risk register. An example risk register is available on the finance section of OATnet.

Other finance policies

A number of other finance policies are in place – these are available on OATnet at <https://oatoe.sharepoint.com/sites/oatnet/governance/Pages/Policies.aspx>.

Appendix I - Scheme of Delegation

The scheme of delegation for the finance function is shown below.

RASCI Key:

R	Responsible: Those responsible for the task, who ensure that it is done
A	Accountable: Those ultimately answerable for the correct and thorough completion of the deliverable or task, and the one who delegates the work to those responsible
S	Support: Resources allocated to responsible. Unlike consulted, who may provide input to the task, support help complete the task
C	Consulted: Those whose opinions are sought, and with whom there is two-way communication
I	Informed: Those who are kept up-to-date on progress

Function	No	Activity	Trustees	Executive/ OAT central	LGB	Principal / Acad
Academy finance	1	To develop and propose the individual Academy budget	A	I	C	R
	2	To approve the first formal budget plan each financial year	A	C	R	S
	3	To plan, manage and monitor monthly expenditure and financial reports, and identify actual or potential items of budget overspend/underspend	A	C	S	R
	4	To approve any amount to be transferred between budget headings and/or likely budget overspends	A	I	R	S
	5	To establish financial decision levels and limits	A	R	I	R
	6	To establish a charging and remissions policy for the academy	A	R	I	S
	7	To appoint the internal auditor for the academy	A	R	I	I
	8	Agreeing miscellaneous financial expenditure outside the agreed budget	A	C	R	I
	9	To enter into additional contracts which exceed the agreed annual budget allocation within limits specified in the Financial Regulations Manual	A	R	I	I

10	To authorise acquisition of assets within limits specified in the Financial Regulations Manual	A	I	R	S
11	To authorise disposal of assets within limits specified in the Financial Regulations Manual	A	I	R	S
12	To appoint external auditors	A	R	I	I
13	To make payments within agreed financial limits	A	I	I	R
14	To collect income due to the academy	A	I	I	R
15	To maintain proper financial records for the academy	A	I	S	R
16	To prepare monthly accounts for the academy	A	I	I	R
17	To monitor compliance with approved financial Procedures	A	R	S	S
18	To develop risk management strategies	A	R	I	I
19	To decide how to apply Pupil Premium	A	I	C	R

Appendix 2 – RAG rating guidelines

	Red	Amber	Green
Expectation	The actual year to date surplus or deficit will be better than budget.	The actual year to date surplus or deficit will be better than budget.	The actual year to date surplus or deficit will be better than budget.
Frequency of review	Monthly	Quarterly	Quarterly
Budget revisions	The budget will be fixed and will not change, other than a revision at the end of Q1 on an exceptional basis for major items only, e.g. pupil number adjustments.	The budget will be fixed and will not change, other than a revision at the end of Q1 on an exceptional basis for major items only, e.g. pupil number adjustments.	The budget will be fixed and will not change, other than a revision at the end of Q1 on an exceptional basis for major items only, e.g. pupil number adjustments.
Level of detail of review	Income and expenditure (on a line by line basis) will be compared between actual and budget.	Income, staff costs and non-staff costs will be compared between actual and budget.	Income, staff costs and non-staff costs will be compared between actual and budget.
Variances – income	Actual income will be expected to be within budget.	Actual income will be expected to be within 1.5% of budget.	Actual income will be expected to be within 1.5% of budget.
Variances – staff costs	Actual staff costs will be expected to be within budget.	Actual staff costs will be expected to be within 1.5% of budget.	Actual staff costs will be expected to be within 1.5% of budget.
Variances – non-staff costs	Actual non-staff costs will be expected to be within budget.	Actual non-staff costs will be expected to be within 3% of budget.	Actual non-staff costs will be expected to be within 3% of budget.
Permitted adjustments	<p>Subject to the permitted adjustments below, no expenditure line should be overspent.</p> <ul style="list-style-type: none"> The principal and FD will be permitted to make up to five compensating over 	<p>Subject to the permitted adjustments below, no individual expenditure line should be overspent.</p> <ul style="list-style-type: none"> The principal and FD will be permitted to make up to 20 compensating over 	Compensating over and underspends are permitted, provided that variances remain within the limits outlines above.

	Red	Amber	Green
Permitted adjustments (continued)	<p>and under spends between budget lines to a maximum of £5k each (maximum cumulative over and under spends £25k).</p> <ul style="list-style-type: none"> ▪ The F&GP committee will be permitted to authorise up to 10 compensating over and under spends between budget lines to a maximum of £10k each (maximum cumulative over and under spends £100k). ▪ Any over and under spend in excess of £10k or cumulatively above £100k will need prior approval from the OAT Financial Oversight and Risk committee. 	<p>and under spends between budget lines to a maximum of £5k each (maximum cumulative over and under spends £100k).</p> <p>Any over and under spend in excess of £5k or cumulatively above £100k will need prior approval from the OAT Financial Oversight and Risk committee.</p>	
Confirmation requirements	<p>The principal and FD will be required to submit written confirmation of compliance with these standards with every set of management accounts. A template confirmation is available on the finance section of OATnet.</p> <p>The RFD will review the compliance confirmation for consistency with the management accounts to confirm that only permitted adjustments have been made.</p>	<p>The principal and FD will be required to submit written confirmation of compliance with these standards with their management accounts at the end of each quarter. A template confirmation is available on the finance section of OATnet.</p> <p>The RFD will review the compliance confirmation for consistency with the management accounts to confirm that only permitted adjustments have been made.</p>	<p>The principal and FD will be required to submit written confirmation of compliance with these standards with their management accounts at the end of each quarter. A template confirmation is available on the finance section of OATnet.</p> <p>The RFD will review the compliance confirmation for consistency with the management accounts to confirm that only permitted adjustments have been made.</p>

Appendix 3 – Financial scheme of delegation

Head office	
FOR committee	Unlimited
Chief executive officer	£100,000
Two members of the executive	£25,000
Any single member of the executive	£10,000
Other managers (according to position)	£500 to £2,500
Academies	
FOR committee	Unlimited
OAT chief executive officer	£250,000
Local governing body - <i>No further powers in addition to F&GP</i>	
Finance and general purposes committee	Up to £25,000
Tender	Over £25,000
Three written quotes	Up to £25,000
List of preferred suppliers	Up to £2,500
Tendering procedures	
Head office	
FOR committee	Unlimited
Chief executive officer	£100,000

Academy local governing bodies are able to adopt a scheme of delegation with lower limits than those recommended should they so wish.

Any academy spend in excess of £25,000 requires the authorisation of OAT or the FOR committee. In practice this will mainly be capital or other building work, the majority of which can be delegated to the group which allocates the capital maintenance allowance funds.

Further guidance on procurement is available at https://oatoc.sharepoint.com/sites/oatnet/oat_tt/Pages/Home.aspx.