



# **The Athelstan Trust**

## **Financial Procedures, Administration and Control Policy**

**Company Number: 7699625**

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# Part One

## THE ATHELSTAN TRUST

### Introduction

The purpose of this document is to ensure that the Athelstan Trust maintains and develops systems of financial control which conform to 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 agreements with the Education Skills and Funding Agency (ESFA).

Each academy within the Athelstan Trust must comply with the principles of financial control outlined in the academies guidance published by the ESFA in the Academy Funding Agreement and the Academies Financial Handbook. This manual expands on those and provides detailed information on the accounting procedures and these financial regulations must be read by all staff involved with financial systems and copies made available as necessary. It also provides a standardised approach to all finance related tasks within the Trust and its academies.

Compliance with the Policy is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Accounting Officer for The Athelstan Trust, this office resides in the Chief Executive Officer.

All staff, including the Accounting Officer, the Chief Financial Officer, Headteachers, Finance Managers and the Finance Assistants, who deal with financial matters, are trained in the appropriate procedures and records are kept of this training. All the duties of the Accounting Officer, the Chief Financial Officer, Headteachers, Finance Managers and the Finance Assistants, are recorded and a note kept of who can carry out the various duties in the absence of the Accounting Officer, the Chief Financial Officer, Headteachers, Finance Managers and the Finance Assistants.

All staff are aware of the Academy Trust's whistleblowing policy (see the Trust Employment Manual) and to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the ESFA.

The Trust Board will be responsible for reviewing all controls and procedures of financial systems operating within the Trust. A self-assessment of the financial administration and management within each school is carried out at all levels by the Accounting Officer, the Chief Financial Officer, Headteachers, the Finance and Audit Committee and the individual Governing Bodies.

## 1. ORGANISATION

The Athelstan Trust is a Multi Academy Trust. The Trust is a company limited by guarantee with charitable status and all academies within the Athelstan Trust are governed by one Trust (the members) and a board of Trustees.

The Members of the Company may comprise:

- the signatories to the Memorandum
- any person appointed under Article 15A
- the chairman of the Trustees

provided that at any time the minimum number of Members shall not be less than three.

Up to 8 Trustees shall be appointed in accordance with Articles 45 to 80. A minimum of 2 Parent Trustees shall be elected or appointed in the event that no Local Governing Bodies are established or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body. Staff Trustees, if any, shall be appointed through such processes as the Members may determine.

The Trustees must establish separate committees to be known as Local Governing Bodies for each Academy and will ensure that, where possible, each Local Governing Body shall include at least 2 elected representatives of the parents of pupils attending the relevant Academy.

## 2. ROLES AND RESPONSIBILITIES

The main responsibilities of the Trust are prescribed in the Funding Agreements with the ESFA. The key responsibilities include:

- ensuring that grants from the ESFA are used only for the purposes intended
- approval of the annual budget
- balancing its budget from year to year
- production of an Annual Report and Accounts
- appointment of auditors
- appointment of a Chief Executive Officer (as Accounting Officer)
- appointment of the Chief Financial Officer (Finance Director) in conjunction with the Chief Executive Officer
- ensure regularity, propriety and value-for-money in relation to the management of public funds

Subject to provisions of the Companies Act 2006, the Articles, and, to any directions given by special resolution, the business of the Company will be managed by the Trustees who may exercise all the powers of the Company.

The Academy Trust has defined the responsibilities of key committees and staff involved in the administration of academy finances to avoid the duplication or omission of functions and to provide

a framework of accountability for trustees, governors and staff. The Committees that have responsibilities relating to the Academy finances are as follows:

- Trust Board
- Audit and Risk Committee

The main responsibilities of these Committees are set out in written terms of reference. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the Trust finances.

## 2.1 ROLE OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has overall responsibility for the Trust's activities including financial activities. As the Accounting Officer for the Trust, the Chief Executive Officer is personally responsible for:

- propriety and regularity of the public finances for which they are answerable. This covers standards of conduct, behaviour and corporate governance
- keeping of proper accounts
- prudent and economical administration
- avoidance of waste and extravagance
- ensuring value for money
- efficient and effective use of all available resources
- management of opportunities and risks
- ensuring that measures are in place to prevent loss and misuse of the Trust's property and assets

The essence of the role is a personal responsibility for:

**Regularity** - dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement and this Handbook, and compliance with internal Trust procedures. This includes spending public money for the purposes intended by Parliament;

**Propriety** – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary, control. This covers standards of conduct, behaviour and corporate governance;

**Value for money** – this is about 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. A key objective is to achieve value for money not only for the academy Trust but for taxpayers more generally.

The Trust's Accounting Officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts. The Accounting Officer must also demonstrate how the trust has secured value for money via the governance statement in the audited accounts.

In practice, much of the financial responsibility is delegated to the Chief Financial Officer.

## 2.2 ROLE OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer (CFO) works in close collaboration with the Chief Executive Officer through whom they are responsible to the members. The CFO also has direct access to the Trustees and governors. The main responsibilities of the CFO are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for the Multi Academy Trusts central budget and individual academies
- management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the members and Trustees
- preparation of budget plans in conjunction with the Chief Executive Officer and Headteachers
- the maintenance of effective systems of internal control
- maintenance of adequate fixed asset registers
- liaising with auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust
- preparation of monthly management accounts, including income and expenditure reports and a cash flow forecast
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance
- additional roles, some of which are not directly finance related, as outlined in the CFO job description

## 2.3 THE ROLE OF FINANCE MANAGERS AND BUDGET HOLDERS

Other members of staff, primarily the Finance Managers, Finance Assistants and departmental budget holders, will have some financial responsibilities and these are detailed in following sections of this manual.

All staff are 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's financial procedures.

## 3. DELEGATED AUTHORITY TO THE TRUST

The delegated authority over different categories of financial transactions is set out below from the ESFA:

### **Liabilities and write-offs**

Academy Trusts may write off debts and losses, including any uncollected fines up to the following delegated limits:



- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy Trusts that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy Trusts that have submitted timely, unqualified financial returns for the previous two financial years

The Trust should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. The Trust should only consider writing-off losses after careful appraisal of the facts. However, there will be both practical and legal limits to how cases should be handled.

In relation to these limits, the amounts for write offs are before any successful claims from an insurer and total income is defined as grant income as disclosed in the Trust's last set of audited accounts.

Beyond these limits the Trust must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction.

### Severance Payments

If the Trust is considering making a staff severance payment **above the contractual entitlement**, it must consider the following issues:

- whether such a payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement
- if the settlement is justified, the Trust would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances

Special severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the former case would be where the claimant will win an Employment Tribunal claim because of employment law procedural errors. In the latter, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures.

If the Trust is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of the control systems; and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.

Where the Trust is considering making a special staff severance payment or compensation payment above the contractual entitlement of £50,000 or more, (gross, before income tax or other

deductions) prior approval will need to be sought from the ESFA, before any such payment can be made. The Trust in this situation should contact the ESFA at their earliest opportunity to discuss since the ESFA will also need to refer such transactions to HM Treasury.

For the avoidance of doubt, the following examples illustrate where ESFA approval would be required:

- statutory/contractual payment of £30k + enhancement of £30k = ESFA approval not required
- statutory/contractual payment of £60k + enhancement of £30k = ESFA approval not required
- statutory/contractual payment of £30k + enhancement of £50k = ESFA approval required for the £50k enhancement only

### **Asset sales, leases and tenancy agreements**

There are two types of lease, as defined under relevant financial reporting standards. There are finance leases (which are a form of borrowing) and there are operating leases (which do not involve borrowing). Trusts that are in any doubt as to whether or not any particular lease does or does not involve an element of borrowing should resolve the issue by contacting their professional financial adviser and/or external auditor.

Academy Trusts must seek and obtain prior written approval from the ESFA, for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land or buildings to another party

Academy Trusts may take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above), without ESFA approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require ESFA approval. Leases should be disclosed in Trusts' annual accounts in accordance with the Academies Accounts Direction.

If an academy Trust does wish to enter into a lease that requires ESFA consent, then the Trust will need to contact the ESFA in the first instance. Trusts must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the ESFA is required.

## 4. 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, governors and staff who can influence financial decisions, or spending powers, 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 and 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 Trust and trusteeships and governorships at other educational institutions and charities. 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 member, Trustee, governor or a member of staff by that person. Relationships with connected parties will require high standards of accountability and transparency.

All relevant business and pecuniary interests of members, Trustees, local governors of academies within the Athelstan Trust and senior employees must be published on the academy's website.

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

## 5. PROCESS FOR INDEPENDENT CHECKING

Every academy Trust must have in place a process for independent checking of financial controls, systems, transactions and risks.

The Board of the Trust will ensure that there is a process for independent checking of financial controls, systems, transactions and risks within the Trust.

The board will review the risks to internal financial control at the Trust and agree an annual programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.

This programme will be managed through one or more of the following options:

- the work of an internal audit service (either in-house, bought-in or provided by a sponsor)
- the performance of a supplementary programme of work by the Trusts external auditors
- completing the work by peer review

Reviews will be undertaken by an agreed programme to ensure that financial transactions have been properly processed and that controls are operating as laid down by the members. A report of the findings from each visit will be presented to the Board and to the local governing bodies within the Trust.

## 5.1 INVESTIGATION OF FRAUD AND IRREGULARITY

The personal responsibilities of accounting officer responsibilities extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the members of a Trust are also responsible for preventing such losses of public funds, and this means that members, Trustees and governors must be aware of the risk of fraud and irregularity to occur within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The Trust is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The Fraud Policy in Appendix C outlines the procedures to be adopted in such an event.

All instances of fraud or theft committed against the Trust, whether by employees, trustees, governors or third parties, above £5,000 must be reported by the Trust to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy either as the result of a formal notification from the Trust itself or as the result of other information received.

## 5.2 APPOINTMENT OF EXTERNAL AUDITORS

The Trust is required to submit the accounts for an annual audit. This means that external auditors need to be appointed. The appointment should be for a five year period renewable at the discretion of the Trust.

The auditors are required to give an opinion on whether:

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the ESFA
- proper accounting records have been kept by the Academy throughout the financial year
- grants made by the ESFA have been applied for the purposes intended

The Trust should arrange for on-going monitoring of the performance of the auditors to be undertaken by the Finance and Audit Committee.

## 6. ACCOUNTING SYSTEM

The Trust is registered annually under the 1988 Data Protection Act. The registration will require a single data Controller to be named and the named Data Controller in the Trust will be Mrs J Cummings, (company secretary).

All the financial transactions of the Trust must be recorded on the Sage accounting system operated by the Finance Departments in each academy.

Financial records are required to be kept for at least six years (plus current year). This is a requirement laid down by Her Majesty's Revenue and Customs (HMRC).

## 6.1 SYSTEM ACCESS

The accounting system is protected by access permissions to authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords should not be compromised. Access to Sage should be restricted and the Chief Financial Officer is responsible for determining the access levels for all members of staff using the system.

All leavers with previous access to Sage must have their access permissions formally removed.

## 6.2 BACK-UP PROCEDURES

The Chief Financial Officer/IT Manager is responsible for ensuring that there are effective back up procedures for the system.

The Chief Financial Officer should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

## 6.3 TRANSACTION PROCESSING

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this document. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in following sections of the document. All journal entries must be documented in Sage. Bank transactions should be input by the Finance Manager and the input should be spot checked, and signed to evidence this check, by the Chief Financial Officer.

Detailed information on the operation of the Sage system can be found in the online help area contained within the software.

## 6.4 TRANSACTIONS REPORTS

The Chief Financial Officer will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- monthly payroll reports
- monthly bank statement reconciliations
- monthly charge card statements
- monthly VAT returns
- management accounts summarising income and expenditure against budget at budget holder level

## 6.5 RECONCILIATIONS

The Trust Finance Managers are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- payroll
- bank balance per the nominal ledger to the bank statement
- charge cards
- VAT
- trial balance

Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Financial Officer. The Chief Financial Officer will review and sign reconciliations as evidence of review.

## 7. FINANCIAL PLANNING

The Trust prepares both medium term and short-term financial plans.

The medium-term financial plan is prepared as part of the strategic planning process. The strategic SIP 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 strategic SIP 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.

The strategic planning process and the budgetary process are described in more detail below.

### 7.1 THE SCHOOL IMPROVEMENT PLAN (SIP)

The strategic SIP is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trusts objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

The form and content of the strategic SIP are matters for each academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

Each year the Chief Executive Officer will propose a planning cycle and timetable which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives – "are the aims still relevant?"
- development of the plan and associated budgets – "how do we go forward?"
- implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course"

- feedback into the next planning cycle – “what worked successfully and how can we improve?”

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Chief Executive Officer.

The plan will also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

## 7.2 ANNUAL BUDGETS

Annual budgets will reflect the best estimate of the resources available to the each academy for the forthcoming year and how those resources are to be utilised by each academy. There should be a clear link between SIP objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable
- review of other income sources available to the individual academies within the Trust to assess likely level of receipts
- review of past individual performance against budgets to promote an understanding of the Trust cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost, e.g. pay increases, inflation and other anticipated changes
- liaising with external agencies including major suppliers to ensure that the Trust’s best financial interests are met

Individual academy plans and budgets will need to be revised until income and expenditure are in balance. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding.

If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.

If a potential surplus is identified at an individual academy within the Trust, this may be held back as a contingency or alternatively carried forward to invest in future years’ priorities for the students that the academy serves.

It will be the responsibility of each Headteacher to set an annual budget for submission to the Trust board. Such approval should be clearly minuted in sufficient time to allow prompt submission of aggregated plans to the ESFA and should be accompanied by a statement of assumptions and explanations behind the plan so that if circumstances change, it is easier for all concerned to take remedial action.

The Chief Financial Officer, in conjunction with the Chief Executive Officer, is responsible for preparing and obtaining approval for the Trust annual budget, which aggregates the budgets of each academy in the Trust. The budget must be approved by the Trustees.

The approved aggregated budget must be submitted to the ESFA by the due date each year and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

Budgets should be seen as a working document which may need revising throughout the year as circumstances change.

### 7.3 MONITORING AND REVIEW

Monthly budget monitoring reports will be prepared for each academy. The reports will detail actual income and expenditure against budget by department for review by the Chief Financial Officer. The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. Any potential overspend against budget must, in the first instance, be discussed with the Chief Financial Officer.

Reports with commentary for each academy will be distributed to the Chief Executive Officer and the Chair of Trustees each month. A summary report with commentary is also prepared for the Headteacher and Chair of Local Governing Body. Aggregated reports will be prepared and provided to Trustees for each Trust Board meeting. The Audit and Risk Committee will also review the budget monitoring reports by school at each meeting.

The Chief Executive Officer and Chief Financial Officer will attend one meeting a year of each academy's Local Governing Body to present and discuss financial information.

## 8. PAYROLL

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

### 8.1 STAFF APPOINTMENTS

The Local Governing Bodies have approved a personnel establishment for each school in the Trust and the Headteacher at each school must ensure that adequate budgetary provision exists for any establishment changes.

Trustees of the Trust have the authority to appoint the Chief Executive Officer in consultation with the Members.

Trustees of the Trust have the authority to appoint the Headteacher at each academy.

The appointment of a Chief Financial Officer must be approved by the Trustees of the Trust.



Each School in the Trust maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the Finance Managers immediately.

The Chief Executive Officer is responsible for ensuring that the Trust's pay policy is implemented.

The Chief Executive Officer is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered and a member of the administration staff at each school will be responsible for maintaining accurate records of all staff employed at their school in a single central record.

Personnel information is held in manual files under the guidance of the Chief Executive Officer with access strictly limited to authorised officials only and separately on the SIMS computer system, for which relevant registration under the 1998 Data Protection Act is held.

## 8.2 PAYROLL ADMINISTRATION

The Trust payroll is administered by Shaw Trust Services Limited.

Amendments to payroll data, e.g. appointments, resignations, pay changes and overtime, are made on the iTrent system.

All supply teacher, casual working and overtime claims must be checked and confirmed by a budget holder and must be forwarded promptly to the academy's finance office. The CFO will check a sample of supply teacher, overtime, casual and expenses each month to ensure that the payroll system is operating correctly. All contract changes and a summary of monthly claims must be signed off by the Headteacher.

Payroll contractual pay should match to Sims and this will be spot checked by the CFO.

## 8.3 PAYROLL PAYMENTS

All staff are paid monthly by bank credit transfer to their bank accounts.

Payroll is administered by Shaw Trust Services Limited who ensure that all the correct statutory deductions and payments are made. They also make returns and payments to HMRC and the relevant pension bodies. The amounts paid are summarised on the monthly payroll reports.

The Trust Finance and Payroll Managers will obtain monthly payroll reports from Shaw Trust Services Limited. The Chief Financial Officer will spot check the payroll of each school in the Trust. Individual school payrolls should be checked and authorised by the Headteacher and also signed by the Finance Manager.

Trust Finance Managers should carry out a monthly reconciliation to verify the accuracy of payments made. Any variations should be investigated and reported to the CFO and payroll.

On an annual basis, each school will produce pay statements for all staff, teachers as at 1 September and support staff as at 1 April.

The Trust has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate.

In order to achieve this, the following guidelines should be followed:

- an assessment must be made as to whether the individual is providing a contract of service (i.e. employed) or a contract for services (i.e. self-employed or through an intermediary),
- if considered to be a contract of service, the individual shall be set up as an employee of the school before receiving payment through the payroll
- where an individual seeks payments from the school for a contract for services, the Trust must check the employment status for tax under the off payroll working (IR35) rules before commencing services. The online HMRC IR35 employment status checking tool should be used to confirm how the off-payroll worker should be treated for PAYE tax and National Insurance. Accurate and detailed records must be kept as justification of decisions.
- If considered to be a contract for services, this must be in the form of an invoice

Careful attention should be paid to repetitive payments to individuals.

Business expenses claims may be processed and paid directly by BACS unless it relates to a benefit in kind payment. Valid receipts must be held and retained in support of any reimbursements.

Mileage claims must be processed via the trust's payroll provider.

## 9. PROCUREMENT

The Trust wants to achieve the best value for money from all our purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- **Probity:** it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust
- **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.

### 9.1 ROUTINE PURCHASING (Appendix B)

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by the Trust Board. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. All budget holders have access to real time information regarding actual expenditure against budget through the online purchase requisition system. Budget holders are expected to check value for money before raising requisitions through the online portal. Costs can easily be compared and checked via the web and evidence printed and retained by Schools. Finance Managers must attach appropriate

evidence of value for money to the purchase order in Sage for all purchases of a **single item costing more than £2,000**.

See Section 14 for controls that apply to The Trust and all members

## 9.2 BUSINESS MULTIPAY CARDS

Business multipay cards are held by named cardholders in each academy. Any cards held by anyone other than the Accounting Officer, Headteacher or the Finance Manager will be linked to a specific budget holder and should only be used to purchase goods from that budget.

**Each cardholder is personally responsible for the safe custody of their card. The card should be held securely at all times and any loss of cards should be reported immediately. Both the cardholder and the budget holder are jointly liable for the integrity of all transactions and proper and controlled use of the procurement card. All receipts must be produced and reconciled monthly to the monthly statement by the Trust Management Accountant. Each statement must be reviewed and signed off by the Headteacher.**

The Chief Financial Officer will spot check each academy's monthly reconciliation to ensure that the business charge card system is operating correctly.

## 9.3. INSURANCE ARRANGEMENTS

The Trust will take out such insurance as it sees fit and/or as it is advised, and to comply with statutory requirements. The CEO/CFO will obtain the following insurance cover as a minimum:

- Buildings and contents
- Business continuity
- Employers and Public Liability

All risks will be reviewed annually to ensure that the cover is adequate.

All contractors must have public liability insurance before they are allowed to undertake work on the School's premises.

People hiring the School's premises and using facilities should either be covered by the School's insurance at an additional cost, or must produce a valid public liability insurance with indemnity up to £5,000,000.

# 10. OTHER MATTERS

## Services provided by sponsors and sponsor-related bodies

The Trust must ensure that any contracts for services provided to Schools are properly procured and present value for money. The Trust must ensure that sponsor fees and consultancy rates included within contracts are reasonable, represent value for money and are good use of public funds.

**Irregular or improper transactions**

Situations may arise where it may appear to the Trust to make sense to enter into a transaction which is irregular, improper or does not provide value for money. In these circumstances the Trust must seek prior, written permission from the ESFA. Such transactions may additionally require HM Treasury approval dependent on the nature of the transaction involved.

**Managing surplus General Annual Grant (GAG)**

It is important that grant is spent as needed to avoid excess calls on Exchequer funding and public borrowing. The ESFA previously set limits on the amount of GAG that could be carried forward from one year to the next. These limits have now been removed so that academy Trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long-term capital projects.

The DfE expects academy Trusts to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that, if the Trust has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils. The ESFA will also verify the sums of unspent funds when it checks the Trust's accounts and highlight and report, to the relevant DfE Boards, any cases where it has serious concerns about a long-term substantial surplus with no clear plans for use.

**Pooling of GAG by Multi-Academy Trusts**

The Trust has the freedom to amalgamate a proportion of GAG funding for all its academies to form one central fund. This fund can then be used to meet the normal running costs at any of the academies within the multi-academy Trust in accordance with the guidelines that govern the use of GAG funding.

The Trust must have due regard to the funding needs and allocations of each individual academy and they must have an appeals mechanism in place. If an individual academy's Headteacher feels that the academy has been unfairly treated in relation to pooling arrangements, they should first appeal to the Trust. If the grievance is not resolved, they may then appeal to the Secretary of State for Education, whose decision will be final and who may dis-apply the provisions for pooling in this Handbook in relation to the Trust.

**Financial Variances**

The Athelstan Trust protocol is for all schools to have the maximum level of autonomy in all aspects of its functioning. However, the Trustees recognise that the areas of financial autonomy and standards autonomy are those of highest risk to the overall efficient and effective functioning of the Trust as a whole. Therefore, these are the areas that need to be addressed immediately in terms of effective monitoring and evaluation of each academy. This is to ensure the identification of any issues to be addressed is timely and accurate, and plans for remedial action are structured and likely to be successful.

Different academies will be more or less successful in managing their financial systems and procedures as well as in reacting to adversity caused by sudden changes and/or unexpected

difficulties. It is the role of the Chief Financial Officer, the Chief Executive Officer and the Board of Trustees to identify what is happening, whether there are means of remedying issues or not, and what would most effectively improve upon them. Reductions in autonomy will be situation dependent and decided on the basis of the financial deviance protocol by the Chief Executive Officer and the Trustees utilising the advice of the Chief Financial Officer.

The table below identifies general levels of autonomy and the kind of identification and notifications that are needed. All reductions in autonomy will be detailed for the Head and Local Governing Body having its autonomy restricted along with detailed recommendations for actions necessary to facilitate improvement and to move the academy back to a higher level of autonomy. It will include timescales for the improvement, performance criteria for the improvement to be deemed successful and how the return to a higher level of autonomy would be effected.

<b>Level of Financial Autonomy</b>	<b>Control Over</b>	<b>Identification</b>	<b>Notification of move reducing autonomy to next level down</b>
<b>4 - Complete</b>	All aspects of financial and budgetary management, staff employment, resource procurement, capital programmes, capitation, et al under the full control of the Head/LGB	CFO: Through regular financial and budgetary monitoring and evaluation done by CFO	Verbal highlighting of issues by CFO to Head/LGB to enable remedial actions before next LGB meetings
<b>3 – Largely</b>	Largely full autonomy with most aspects of financial and budgetary management, resource procurement, capitation, et al under the full control of the Head and LGB but with wider controls/some restrictions on some high level staff employment, capital programmes and larger expenditures or virements of the budget	CFO: Through regular financial and budgetary monitoring and evaluation done by CFO and Financial manager. Through follow up reporting by CFO to CEO and Trustees where appropriate.	Written reports of CFO of detailed recommendations of CFO and CEO to remedy any issues identified. Followed by a recorded letter of extent of reduction in autonomy from CEO to LGB
<b>2 – Reduced</b>	Reduced autonomy in many areas of financial and budgetary management as well as most large financial expenditures including most high level staff employment, larger resource procurement, capital programmes and any larger expenditures or virements of the budget	CFO/CEO and Trustees. Through regular financial and budgetary monitoring and evaluation done by CFO/CEO and then the Trustees identifying remedial actions	Letter from CEO to LGB outlining issues and detailed recommendations of CFO and the Trustees to remedy issues identified in order to regain greater autonomy
<b>1 – Minimal</b>	Significant reductions in all areas of financial and budgetary management as well as most large financial expenditures including all staff employment, larger resource procurement, capital programmes and all larger expenditures or virements of the budget	CEO and Trustees following extensive monitoring and evaluation by CFO/CEO and the Trustees making all necessary recommendations for reductions in autonomy	Letter from Chair of Trustees to LGB outlining issues and detailed recommendations of CFO and the Trustees that must be immediately implemented in order to address serious weaknesses identified
<b>0 - None</b>	Zero autonomy with all aspects of financial management, staff employment, resource procurement, capital programmes, capitation, et al under the full control of the CEO and the Board of Trustees	Board of Trustees: following extensive monitoring and evaluation by CFO/CEO and Trustees they remove all financial autonomy	

		to prevent further financial risk/damage	
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## Part Two

### LOCAL GOVERNING BODIES AND THE TRUST BOARD

#### INTRODUCTION

This section outlines the respective responsibilities of each Local Governing Body (LGB), Headteacher and staff in relation to financial administration. The Policy also provides a standardised approach to all finance related tasks within the school and covers the following:

- Malmesbury School
- The Dean Academy
- Bradon Forest School
- Sir William Romney's School
- Chipping Sodbury School
- And any future members of The Athelstan Trust

Please note that this policy should be used in conjunction with the Academies Financial Handbook. **The role of the governing body is subject to the level of delegation ceded to that LGB as per the Scheme of Delegation. Responsibilities vary between the schools. Ultimate financial responsibility lies with the Board of Trustees.**

#### 11. SUMMARY OF RESPONSIBILITIES

- the management of the school is, through its Instruments of Governance, the responsibility of its LGB, and, to the extent of the delegated powers vested in them, the committees constituted by the Local Governing Body
- the LGB delegates day to day responsibility for carrying out the policies and decisions of the Local Governing Body and its committees to the Headteacher
- sub-committees of the LGB will act strictly within the remit allocated to them by the Local Full Governing Body and the Trustees
- management and administration duties undertaken by the Headteacher/Finance Manager and the members of the school staff shall be carried out in accordance with the terms of this statement, and within the terms of their contract of employment
- it is the responsibility of the LGB and/or the Audit and Risk committee to set an annual budget for the school for submission to the Trust Board which accords with the school's aims and objectives, as set out in the current School Improvement Plan, and the legislative responsibilities undertaken by the Governing Body. Such approval should be clearly minuted

by the Audit and Risk Committee in sufficient time to allow prompt submission of the plan to the Trust Board and the Education Funding Agency (ESFA)

- the Headteacher/Finance Manager, with reference to the CFO will prepare a recommendation for expenditure by reference to the anticipated budget provision of the school, sufficiently in advance of each financial year, in order to allow due consideration and approval by the Trust Board. The Headteacher/Finance Manager will advise the LGB on all areas of the school budget
- The LGB will ensure that adequate long-term budgeting is undertaken in order that the long term performance of the school may be maintained.

## 11.1 THE ROLE OF THE LOCAL GOVERNING BODY (LGB)

The role of the LGB in school financial administration is:

- to understand the overall school budget, including priorities for future expenditure
- to understand and challenge budget variance reports
- to maintain a register of pecuniary interests for governors and staff

## 11.2 THE ROLE OF THE AUDIT AND RISK COMMITTEE

A meeting will be convened three times a year to:

- determine the annual budget, including staffing
- consider reports from the CFO comparing expenditure with budget and to approve variations as necessary
- determine the written description of financial systems and procedures
- operate the arrangements for obtaining quotations and inviting tenders
- submit to the Board any proposed write-offs and disposals of surplus stock and equipment
- determine the limits of authority which they delegate and approve expenditure recommended by the CFO above those limits
- consider the findings and recommendations of financial controls assurance reports and findings identified by the CFO
- the Chair of the Committee shall ensure that minutes are signed at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality exclusions), and papers for each meeting should be made available to Committee members

## 11.3 THE ROLE OF THE HEADTEACHER

The day-to-day operation of the budget is delegated to the Headteacher (notwithstanding 11.4 below), who will be responsible for:

- preparing the school improvement plan and school budget in accordance with priorities agreed by the governors
- managing internal control systems and internal financial transactions in accordance with this policy



- maintaining adequate financial records in accordance with Academies Financial Handbook
- providing a monthly budget monitoring report to the chair of governors. This should report any variations in expenditure against the approved budget plan
- providing access to accounting and other relevant records to Audit and implementing auditor recommendations where necessary
- checking that the school inventory is maintained as accurately and up to date as possible and ensuring that an independent check of the inventory is made at least once a year
- recommending to the CFO any equipment to be written off or disposed of.
- ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature
- ensure that adequate controls are in place to ensure that all responsibilities delegated are monitored
- maintain a central file of all submitted applications for grant funding and counter sign and submissions for audit purposes

#### 11.4 THE ROLE OF THE FINANCE TEAM

Subject to accordance with individual job descriptions the Headteacher may delegate financial procedures to the finance team. The finance team's roles may include:

- reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries
- reviewing budget monitoring/outurn monthly reports for the Headteacher and Chair of Governors
- submitting pay returns to payroll as appropriate
- ensuring that invoice checking procedures are followed
- ensuring that, in conjunction with the Headteacher, authorisation of orders, invoices and schedules are in accordance with this policy and the Academies Financial Handbook
- prompt and intact banking of income and associated recording of income in accordance the Academies Financial Handbook
- administering the recording of income received, and payments made from the school fund. Retention of all documents such as collection records and receipts to support the transactions processed through the school fund. Preparation of the year end summary of transactions for inspection, in accordance with the Academies Financial Handbook
- assisting in the maintenance of an accurate inventory and associated security procedures
- assist in the preparation of the three year budget plan using HCSS software
- provide information required for returns to the ESFA

#### 11.5 THE ROLE OF THE STAFF

The role of staff in school financial administration is:

- to familiarise themselves with this Policy
- to conduct all financial transactions relating to the school in accordance with this Control Policy

- to manage any budget delegated to them by the Headteacher responsibly, and after due consultation with relevant staff
- to actively seek 'best value' on all work, goods, materials or services procured on behalf of the school
- to ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the finance office for processing

## 12. LIMITS OF DELEGATION

The following limits will be applied to the academies in the Trust and are further detailed in Appendix A.

### 12.1 VIREMENTS WITH BUDGET SHARE

The Headteacher is authorised to vary allocations within the annual budget approved by the Audit and Risk Committee and the Board. This variation shall be the result of any change in the day-to-day spending plans of the school, but still be in accordance with the aims and objectives of the school, as laid down in the School Improvement Plan.

### 12.2 ORDERS (Appendix B)

Orders up to £1,000 must be authorised by the budget holder and Finance Manager, (unless it is regular payment such as catering/facilities management in which case £2,000). As far as possible in order to ensure appropriate segregation of duties the Finance Manager should not be a budget holder.

Orders up to £15,000 must be authorised by the Headteacher. Any single order up to £25,000 must be authorised by the CFO/CEO. Orders over £25,000 but less than £75,000 must be authorised by the CEO. Transactions over £75,000 must have approval from the Board.

**All budget holders/signatories will comply with financial regulations, as detailed in section 14 - Procurement of Goods and Services (see below) and in section 9.1 above.**

In the absence of the Finance Manager or Headteacher, **a member of the SLT** will nominate a member of staff to authorise the raising of orders on a temporary basis. This officer should be the most senior member of the teaching staff.

### 12.3 INVOICES

Non order invoices will be authorised for payment by the relevant budget holder and Finance Manager, where appropriate, and then passed to the Central Finance Office for recording and payment through Sage.

All invoices will be sent to Finance Managers for authorisation before payment by the Central Finance Office. Budget holders must check that orders have been fully received before authorising the invoice for payment. The school finance team will then upload authorised invoices to the Central Finance Team for payment.

## 12.4 BACS

All invoices will be paid by BACS. All BACS payments must have two authorised approvers.

The Trust Finance Manager will produce a suggested payments report from Sage. A Finance Assistant will check all items listed to ensure the correct invoice has been scanned to Sage and that the invoice has been signed in accordance with the authorisation limits. The bank details on Sage are also agreed to the invoice. A second Trust Finance Manager will then check again all items over £5,000 and once satisfied will upload the BACS payment to Lloyds. The CFO will spot check items over £10,000 and will complete the second approval on Lloyds.

All cheques, and other instruments authorising withdrawal from the bank accounts must bear the signatures of two authorised signatories.

All cheques should be crossed a/c payee.

## 13. FINANCIAL REPORTS TO GOVERNORS AND TRUSTEES

The Headteacher is responsible for providing the LGB with a report on the budgetary position of the school at regular intervals. The report should be produced on a monthly basis and presented to Governors/Trustees at least once a term.

Financial reports should be reliable and relevant to users, the characteristics of good quality financial information are:

- **Produced promptly.** Financial reporting should be carried out in line with the Academies Financial Handbook
- **Accurate.** Actual expenditure appearing on the report should agree to what has been processed in Sage. There should be at least a monthly reconciliation of the bank account to the Sage system. Where amounts have been charged to the school and are still in dispute, these should still be included in the actual expenditure until queries have been resolved
- **Complete.** To provide governors/trustees with a “true and fair” view of the school’s financial position the reports must include committed expenditure. For information to be complete expenditure that the school has been committed to including details of orders and invoices outstanding must be included
- **Understandable.** Reports need to be understandable to the intended recipient; in particular financial reports to governors/trustees should be jargon free
- **Concise.** Reports should be summarised and not contain an unnecessary amount of detail. Expenditure and budget totals should be summarised to the headings contained in the annual ESFA funding statement and in the annual accounts
- **Include explanatory notes.** Where there are significant variances on budget headings an explanation should be provided with the report. Proposed actions to address variances

should also be reported and actions agreed should be minuted. Where large orders are due to be placed, this may also require a note to the report

- **Include a projected out-turn** on at least a termly basis, which is an estimate of the final budget position of the school at the end of the financial year

## 14. PROCUREMENT OF GOODS AND SERVICES

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by the Board of Trustees. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. All budget holders have access to real time information regarding actual expenditure against budget through the online purchase requisition system. *Please also read 9.1 above.*

### 14.1 PURCHASE ORDERS (Appendix B)

The procurement of goods and services is the process potentially most open to abuse or mis-management and it is therefore essential to have strong financial controls to safeguard the school's interests. It is essential that all of the following controls are adhered to:

- orders should not be entered into verbally and unless a Multipay Card has been used, orders should always include the Trust's terms & conditions on the order.
- all orders for goods and services must be entered onto the password protected online requisition portal, unless exceptional circumstances dictate otherwise. It is the responsibility of the budget holder to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in the school budget for that purpose and that sufficient quotations/tenders have been obtained.
- requisitions must be authorised by both the budget holder and the Finance Manager through the online purchase requisition system. Individually numbered purchase orders will then be produced from Sage by the Central Finance Office and will be approved by nominated Sage approvers before dispatch to suppliers.
- in exceptional circumstances (e.g., emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be emailed to suppliers, in order to reduce timelines.
- orders may only be used for goods and services provided to the school, private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials or services net of VAT
- **orders under £1,000** – (Catering and areas requiring regular more expensive purchases excepted) can be authorised by budget holders, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:
  - supplier chosen from the list of approved suppliers maintained by the Finance Office
  - bulk purchasing of common consumables
  - negotiating discounts
  - taking advantage of sale seasons
  - obtaining alternative quotations wherever possible

- **Evidence of best value must be retained for all single items costing over £1,000, where practically possible, by Schools and attached to orders in Sage.**
  - **Any purchase of IT equipment must show price comparisons from other suppliers and must be countersigned by the Headteacher/CFO or the Trust IT Manager.**
- 
- **non routine orders over £1,000 and/or up to £15,000** – must be approved by the Headteacher
  - **orders over £1,000 but less than £25,000** - at least three written quotations should be obtained for all orders between £10,000 and £25,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced, and emailed confirmation of quotes have been received, before a purchase decision is made
  - **orders over £25,000 but less than £75,000** - all goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000, must be subject to three written quotations and must be referred to the Audit and Risk Committee for formal approval
  - **orders over £75,000** – will be subject to a tendering policy (Appendix C)

The academy budget holder or the academy Finance Office must make appropriate arrangements for the delivery of goods and services to the academy. On receipt of goods and services there must be a detailed check of the goods and services received against the purchase order (or equivalent in exceptional circumstances). Where delivery notes are not produced, the receipt of goods and services should be recorded on the order form. Delivery notes should be retained by the school's finance office. All discrepancies should be discussed with the supplier of the goods and services without delay and the Central Finance Office must be notified immediately.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the academy's finance office should be notified. The academy's Finance Manager will keep a central record of all goods returned to suppliers and should report these to the Central Finance Office. Invoices will only be paid once the order has been recorded as received by the school's finance office.

## 14.2 INVOICE PROCESSING

When invoices are received, the relevant school must check that all the elements of the invoice are correct by agreeing to the order before authorising payment by the Central Finance Office. The checks should be carried out and evidenced by separate individuals where possible. An invoice certification stamp is the best way of providing evidence that the following checks have been carried out:

- invoice arithmetically correct
- goods/services received
- goods/services as ordered
- prices correct
- that the invoice is not a copy and has not previously been paid. If it is necessary to request a duplicate invoice (if original is lost), then this duplicate shall be endorsed

'not previously passed for payment'. The endorsement should be certified by the signature of the Finance Manager or Headteacher.

Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order.

All discrepancies should be discussed with the supplier of the goods and services without delay. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Central Finance Office should be notified. The Finance Manager will keep a central record of all goods returned to suppliers and will notify the Central Finance Office immediately.

An officer with delegated responsibility from the Trustees (the Finance Manager, Budget holder, Headteacher) will certify that the invoice is authorised for payment.

Valuable items that are portable and desirable should be security marked and added to the inventory or asset register immediately.

## 15. RECONCILIATION PROCEDURES

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against the school's account(s) are valid and verify that they are the responsibility of the school. The CFO is responsible for ensuring that controls are in place for these checks to be carried out. The CFO may delegate this role to the Trust Finance Manager or Trust Management Accountant.

The CFO is responsible for ensuring the following reconciliations are performed correctly each month, and that any reconciling or balancing amounts are cleared:

- **payroll** - the Finance Manager will review monthly payroll reports from the payroll bureau to check that transactions for supply staff, casual staff and overtime have been made correctly against authorised claim forms submitted. The Finance Managers will undertake a monthly reconciliation between the current month's actual expenditure and the budgeted payroll costs. Any variations should be investigated and reported to the CFO/Headteacher and queries raised immediately with payroll. The reconciliation should be signed by both the Finance Manager and the Headteacher to verify the accuracy of the payments made.
- **charge cards** – transactions are posted to Sage by the school finance office. Monthly statements will be downloaded by the Finance Office. All receipts or other backing documentation must be produced and agreed to the statement by the Finance Manager. The statement must be reviewed and signed off by the Headteacher each month. The Trust Management Accountant will reconcile statements to the transactions on Sage each month. This will be reviewed and signed off by the CFO
- **VAT**
- **trial balance**

Any unusual or long outstanding reconciling items must be brought to the attention of the CFO. The CFO will sign reconciliations as evidence of their review.

The Trust Finance Manager is responsible for ensuring the following reconciliation is performed each month, and that any reconciling or balancing amounts are cleared:

- **bank balance per the nominal ledger to the bank statement** - the Trust Finance Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. The Reconciliation procedures must ensure that all bank accounts are reconciled to the Trust's cash book on Sage, reconciliations are signed by the Trust Finance Manager and CFO, reconciliations are subject to an independent monthly review carried out by the CFO and all adjustments arising are dealt with promptly. The bank account should be monitored at least weekly, to check incomings and outgoings are as expected.

## 16. OPERATION OF BANK ACCOUNTS

The CFO must implement the following controls:

- a list of cheque signatories (mandate) should be drawn up whereby all cheques must have two authorised signatories
- a minimum of three signatures should be maintained on the mandate
- the CEO/CFO may sign all cheques other than those payable to themselves, in accordance with prescribed authorisation limits.
- no member of staff is permitted to sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest

Arrangements must be made with the bank must include:

- a statement to be provided at least once a month
- to disallow any overdraft

Direct debit payments may be entered into for the payment of utility bills and other suppliers with whom the school has a regular contract. The value of each Direct Debit should be reviewed and compared with invoices received from the supplier. Suppliers paid by Direct Debit must be reviewed regularly to ensure they continue to provide Best Value.

On receipt of the bank statements, the Trust Management Accountant will reconcile the bank balance to the balance held in Sage.

## 17. PETTY CASH ACCOUNTS

A petty cash account is held at each school with a maximum cash balance as agreed for each school. The cash is administered by the Finance Office with reimbursements made from the Finance Office on production of supporting vouchers and receipts.

The only deposits to petty cash should be from cheques cashed specifically for the purpose of replenishment. The receipt should be recorded in the petty cash system and Sage with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

In the interests of security, petty cash payments will be limited to £50. Higher value payments should be made by cheque or BACS directly from the main bank account.

Personal cheques must not be encashed from petty cash funds.

Expenditure is recorded manually in the first instance. Expenditure is then processed into Sage against the appropriate department.

The Finance Office is responsible for entering all transactions into the petty cash records and Sage on a regular basis and regular as well as unannounced cash counts should be undertaken by the Finance Manager or CFO to ensure that the cash balance reconciles to supporting documentation and the computer balance.

Petty cash must be securely held at all times with access strictly limited to authorised officials only.

## 18. SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS

The LGB is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control.

### 18.1 SECURITY

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

Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the Headteacher/ CFO immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in a safe is £1,000, unless a higher limit is specifically agreed with the insurer.

Losses due to theft of stocks or cash shall be promptly reported to the Police, Headteacher, Governing Body and the Chief Executive Officer.



Steps must be taken by the Headteacher to ensure that there are effective back up procedures for all computer systems. If still in use all back up disks, tapes, etc. should be securely retained in a fireproof safe or remote location, with at least one tape/disk held securely off-site. Recommendations for backup procedures should be regularly checked with the Trust IT Manager.

Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the school should be promptly revoked.

The Headteacher and the Governing Body shall register with the Information Commissioner, and comply with all regulations relating to by the Data Protection Act 1998.

## 18.2 INVENTORIES

An asset register should also be maintained in a format agreed with governors/trustees, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the School, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the de-minimis level of £1,000.

The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

The Asset Register helps:

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

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.

The depreciation will be calculated on an monthly basis for preparation of the management accounts.

Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and the Chief Financial Officer will discuss these items on an individual basis in discussion with the Trust's accountants.

The Trust has determined appropriate depreciation rates, based on the assessment of the useful economic life and expected residual value when the assets are acquired. Depreciation will be charged annually using the following straight line percentages:

- Property: 2%
- Furniture & equipment: 15% - 20%
- Plant & Machinery 15%
- Computer equipment & software: 20%
- Motor vehicles: 10%

All the items in the asset register should be permanently and visibly marked as the School's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Governing Body. Inventories of School property should be kept up to date and reviewed regularly. Where items are used by the School, but do not belong to it, this should be noted. Note: most assets at Malmesbury School are owned and maintained by G4S the management company for the PFI.

The immediate responsibility for the safeguarding of equipment lies with the end user departments. In support of this, the School/Trust provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover.

### 18.3 ACQUISITIONS AND DISPOSAL OF ASSETS

The Trust must seek and obtain prior written approval from the ESFA, for the following transactions:

- acquiring a freehold on land or buildings
- disposing of a freehold on land or buildings
- disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained for their contribution to knowledge and culture, as defined in applicable financial reporting standards

Schools may dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above) without the prior approval of the ESFA. Any disposal must maintain the principles

of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

Some property transactions may be novel or contentious and so require the consent of the ESFA on that basis. Novel payments or other transactions are those in which the school or the Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by the public or the media. It is difficult to be specific about what might constitute novel or contentious payments; it is for Trusts to use their judgement about when they should seek the prior advice of the ESFA. Public money must always be spent prudently and in ways that command broad public support.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where significant, should be sold following due process:

- taking reasonable steps to advertise the disposal
- inviting bids for the asset (sealed bids are preferable)
- negotiating with potential purchasers

The Trust may agree to give assets bought for a proper purpose, but which are no longer needed for the conduct of its business, to a charity, up to a maximum value of £1,000 per single donation. The residual value of assets is determined by the greater of the written down value or market value.

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

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

## 18.4 LOAN OF EQUIPMENT

Items of School property must not be removed from School premises without the authority of the Head of Department or Headteacher. A record of the loan must be recorded and the asset booked back in when it is returned.

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 School's auditors.

## 19. CHARGING POLICY

The Trust is committed to the general principle of free education and recognizes the valuable contribution that a wide range of activities, including school visits and residential experiences, can make towards all aspects of students' education. It also believes that all our students should have

an equal opportunity to benefit from academy activities and visits (curricular and extracurricular) independent of their parent's financial means.

The Trust recognises its responsibility to ensure that the offer of activities and educational visits does not place an unnecessary burden on family finances. To this end we will try to adhere to the following guidelines:

- where possible we shall publish a list of visits (and their approximate cost) at the beginning of the school year so that parents can plan ahead
- we have established a system for parents to pay in instalments
- when an opportunity for a trip arises at short notice it may be possible to arrange to pay by instalments beyond the date of the trip
- we acknowledge that offering opportunities on a 'first pay, first served' basis discriminates against pupils from families on lower incomes and we will avoid that method of selection.

The 1996 Education Act requires all schools to have a policy on charging and remissions for school activities, which will be kept under regular review.

The policy identifies activities for which:

- voluntary contributions may be requested
- charges will be made
- charges will not be made
- charges may be waived

## 19.1 VOLUNTARY CONTRIBUTIONS

Separately from the matter of charging, schools may always seek voluntary contributions in order to offer a wide variety of experiences to pupils. All requests for voluntary contributions will emphasise their voluntary nature and the fact that pupils of parents who do not make such contributions will be treated no differently from those who have.

### ***The Law states:***

- if the activity cannot be funded without voluntary contributions the Governing Body or Headteacher will make this clear to parents from the outset
- no child will be excluded from an activity because his or her parents are unable or unwilling to pay
- if insufficient contributions are received, the trip or activity may have to be cancelled
- if a parent is unwilling or unable to pay their child will still be given an equal chance to on the visit

## 19.2 CHARGES WILL BE MADE

The Trust reserves the right to make a charge for the following activities which may from time to time be organised by the school:

- **activities outside school hours** - the school will endeavour to provide a range of such activities from time to time. These will sometimes include day and residential experiences, and are known generally as 'optional extras'. Charges may be made for these activities EXCEPT where they are provided to fulfil any requirements specified in the syllabus of a prescribed public examination or are required in order to fulfil statutory duties relating to the Curriculum or to religious education in which case they are not regarded as optional extras as such and charges cannot be made. (Board and lodging charges may still however be made for any residential activities subject to the remission arrangements described below (time spent on travel counts in this calculation if the travel itself occurs during school hours))
- **residential activities held during school hours** - charges may be made for the board and lodging element of those residential activities during school hours. Parents will be notified in advance of any such activities which the school proposes to organise and the estimated cost. Parental consent will be obtained for their children's participation in any such activities for which a charge may be made. However pupils whose parents are in receipt of certain benefits (see remissions policy below) may not be charged for board and lodging costs
- **music tuition** - music tuition for individuals or groups led by peripatetic teachers

Parents will be notified in advance of any 'optional extras' which the school proposes to organise and the estimated cost. Parental consent will be obtained if their children are to participate in any activities for which a charge may be made.

Any charge for a particular activity will be dependent upon the type of activity and its cost and the number of participants. This charge will not exceed the actual cost of providing the activity, divided equally by the number of pupils willing to participate. The cost of other pupils participating in the visit will not be included in the charge. The charge may however include an appropriate element for such things as:

- the pupil's travel costs
- the pupil's board and lodging costs
- materials, books, instruments and other equipment
- administration costs
- entrance fees to museums, castles, theatres, etc.
- insurance costs
- the expenses only of participating teachers engaged on a separate contract for services to provide the 'optional extra'

If the number of school sessions on a residential trip is equal to or greater than 50% of the number of half days spent on the trip it is deemed to have taken place during school hours (even if some activities take place late in the evening). Whatever the starting and finishing times of the school day, regulations require that the school day is divided into 2 sessions. A "half day" means any period of 12 hours ending with noon or midnight on any day.

### 19.3 CHARGES WILL NOT BE MADE

Charges will not be made for the following:

- an admission application
- education provided during school hours
- education provided outside school hours if it is part of the curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of the school's basic curriculum for religious education
- tuition for pupils learning to play musical instruments (or singing) if the tuition is required as part of the curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of religious education
- first entry for a prescribed public examination, if the pupil has been prepared for it at the school
- education provided on any curriculum trip that takes place during school hours
- education provided on any trip that takes place outside school hours, is part of the curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of the school's basic curriculum for religious education
- transport provided in connection with an educational trip that is a prescribed part of the curriculum

## 19.4 REMISSIONS

In order to remove financial barriers from disadvantaged pupils, the Trust has agreed that some activities and visits where charges can legally be made will be offered at no charge or a reduced charge to parents in particular circumstances. This remissions policy sets out the circumstances in which such charges will be waived. As a general rule students in these categories will be in receipt of Pupil Premium.

Additional categories of parents may claim help with some costs in the following circumstances:

- specific individual circumstances that have caused temporary hardship
- recently moved into hardship but not yet receiving the benefits mentioned above
- made a specific request to the Headteacher for any other justifiable reason. The remission is at the Headteacher's discretion in these circumstances based on any evidence provided

## 20. RECEIVING INCOME

The main sources of income for the Schools are the grants from the Education and Skills Funding Agency (ESFA). The receipt of these sums is monitored directly by the Chief Financial Officer who is responsible for ensuring that all grants due to each School are collected.

Schools also obtain income from:

- Local Authorities
- student teachers from universities and other institutions
- hiring of premises and facilities

- school meal sales
- uniform sales
- students, mainly for trips
- ATSA Training courses

Charges can also be made to students to defray the costs of certain activities (see section 19. Charging Policy).

Premises hire charges are determined by the Governing Body's policy on premises hire, unless exceptional circumstances require otherwise. In such circumstances, charges are determined at the discretion of either the Headteacher, or the Chief Executive Officer. Malmesbury School is the exception with all lettings being the responsibility of G4S as management company for the PFI.

Bookings for lettings are made through the Finance Team or Sports Centre Team (Chipping Sodbury School only). Invoices are raised centrally by the Trust Finance Manager. The only exception to this is the Sports Centre at Chipping Sodbury School. All lettings are fully managed by the Sports Centre Manager.

Direct payments for invoices raised, are sent directly to the Trust bank account and will be recorded as School income into the lettings budget nominal within Sage by the Trust Finance Manager. Manual receipts will be issued when requested.

All monies must be banked by the School, in their entirety, in the Trust bank account. The Finance Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

All outstanding invoices should be reviewed each month by the Trust Finance Manager and pursued to ensure that the Trust receives all monies due.

Schools may write off debts and losses see Section 3 Liabilities and write-offs.

## 21. MISCELLANEOUS ISSUES

### 21.1 REGISTER OF PECUNIARY (OR BUSINESS) INTERESTS

The Board of Trustees and the Governing Body of each school, shall maintain a 'Register of Pecuniary Interests' that lists the personal interests, financial or otherwise, that could be deemed a potential conflict of interest for any Trustees, Governor, Headteacher or any other senior member of staff. All Trustees, Governors and senior members of staff shall declare in writing if they have a pecuniary interest in a personal capacity in any contract with the school.

The Headteacher shall keep the Register up to date as new Governors or senior staff join the school and must undertake an annual review. A Pecuniary Interest form should contain the following information:

- the name of the relevant member of staff
- the company or organisation the member of staff has an interest in

- what the interest is

Those Trustees, Governors or senior staff not holding any pecuniary interests must submit a nil return.

Any relevant business and pecuniary interests, especially connected parties, of Trustees and members must be published on the academy website.

## 21.2 GIFTS

All gifts to the school either in kind or in money should be recorded.

## 21.3 EXPENSES PAID TO GOVERNORS AND TRUSTEES

Expenses may be paid to Governors and Trustees in accordance with DfE/ESFA guidance.

## 21.4 AUDIT

Schools will be subject to the following audits during each year:

- Regular financial assurance (internal) audits as per the Academies Financial Handbook
- Annual statutory audit in preparation for submitting the statutory accounts to Companies House
- Teachers' Pensions audit in preparation for submitting the end of year certificate to Teachers' Pensions

The Trust may also be subject to external assurance reviews for grant funding received.



## Appendix A

### Financial Regulations Authorisation Limits

#### Expenditure Limits

Chief Executive Officer	£ 75,000
Chief Financial Officer	£ 25,000
Headteachers	£ 15,000
Finance Managers	£ 2,000*

*\*non routine orders e.g. I.T equipment £1,000*

#### Business Charge Card Limits

Headteachers	£ 10,000
Finance Managers	£ 2,000

#### Ordering Process

Evidence of price checking for best value (single item)	£ 1,000
Three written quotations	£ 10,000
Official Tendering	£ 75,000

## Appendix B

### Finance Systems - Process

The following routine systems should be operating across the Trust. Ultimate responsibility for finance rests with the Accounting Officer (the CEO) delegated to the Chief Financial Officer.

#### Orders

1. Budget holder raises a requisition through the online portal. If a technician or assistant enters the requisition the budget holder must authorise this online. The Finance Manager must also authorise the requisition to enable an order to be raised by the Central Finance Office.
2. Central Finance Office should check that there is evidence for best value and if they know of a lower priced supplier should recommend this to the budget holder.
3. Orders for single items over £1,000 must have appropriate evidence, where practically possible, in line with the financial procedures manual.
4. Telephone orders should only be placed in emergencies and the reason will be checked to ensure it is genuine. A requisition must be raised immediately to support such an order.
5. The order should be raised by the Central Finance Office and authorised by the Finance Manager. Orders should be submitted online wherever possible, the hard copy should be printed and retained. If the order is for the finance office/administration it should be authorised by the Headteacher.
6. Goods received should be checked in line with procedures at each school. Delivery notes should be retained.
7. Any returns should be notified as soon as possible and dealt with in line with local procedures.
8. Invoices must be sent to the Central Finance Office for payment and stamped with the following:
  - Order number
  - Date received
  - Invoice No
  - Cheque No
  - Date
  - Amount
  - Authorised signature

**These details are entered onto the stamped area to provide a single point of reference on an invoice.**

9. Finance Officers should not be budget holders and should not be signing off invoices. The exception would be for low value admin items. As a general rule, to ensure segregation of duties and probity if the finance officer has signed off there should be a countersignature from the Headteacher or CFO.
10. Invoices should be married up with the rest of the documentation for that purchase. The Central finance assistant will enter the invoice onto the system.
11. A BACS run will be carried out centrally for each batch of invoices. The Sage run report should be printed, together with the Lloyds Commercial batch report, if appropriate, and be signed by the two signatories of that batch. Invoices should be checked on Sage.
12. Reports should be filed in date order.

### **On line orders e.g. Amazon and Multipay card**

1. A paper requisition must still be raised and authorised by the budget holder.
2. The credit card order confirmation must be printed, attached to the requisition and retained by the Finance Office.
3. Where applicable a VAT invoice should be obtained for the goods and attached to the paperwork.
4. Credit card purchases should be entered directly to Sage by the school finance office.
5. The credit card statement should be authorised by the Headteacher, CEO or CFO.

### **Budget Holders**

Budget holders will have access to real time information regarding expenditure against budget on the online Sage portal. Budget holders should be reminded that they cannot place orders direct, they must raise a requisition.

### **VAT**

A VAT report will be prepared and submitted for each month ended by the Trust Management Accountant. The CFO should authorise the VAT report before it is submitted.

## Appendix C

### Tendering Policy

All goods/services ordered with a value over £75,000 must be subject to formal tendering procedures. Purchases over 207,000 Euros for goods and services and 5,186,000 Euros for the procurement of works (EU threshold effective from 01/01/2014) will require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook.

Ordering goods which may potentially be over £15,000 must be discussed with Chief Financial Officer prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

#### Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CFO how best to advertise for suppliers, e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. 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 of the nature of the goods are such that only specific suppliers can be expected to supply the school'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.

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is to be 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.

### **Aspects to Consider**

#### **Financial**

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

#### **Technical/Suitability**

- qualifications of the contractor
- relevant experience of the contractor
- descriptions of technical and service facilities
- certificates of quality/conformity with standards
- quality control procedures
- details of previous sales and references from past customers

#### **Other Considerations**

- pre sales demonstrations
- after sales service
- financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

#### **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the School. 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.

## **Tendering 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 £75,000: two of the budget holder or the Chief Financial Officer and the Chief Executive Officer
- for contracts for goods and services over 207,000 Euros or the procurement of works over 5,186,000 Euros (EU threshold effective 01/01/2014): the Headteacher and the Chief Executive Officer or Chief Financial Officer; plus a member of the Finance and Audit 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. For contracts over £75,000 a report should be prepared for the Finance and Audit Committee, highlighting the relevant issues and recommending a decision. For contracts for goods and services over 207,000 Euros or the procurement of works over 5,186,000 Euros (EU threshold effective 01/01/2014) the decision and criteria should be reported by the Finance and Audit Committee to the Trust Board for approval.

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 School. All parties should then be informed of the decision.

## Appendix D

### Fraud Policy and Procedures

#### Introduction

The Trust aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts business. This document sets out the Trust's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the Trust's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

In order to achieve these objectives, the Trust has taken the following steps:

1. The development and publication of a formal statement of its expectations on standards of personal conduct, propriety and accountability\*
2. The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them), and an independent financial assurance function with an ongoing responsibility to review and report on these systems;
3. The development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the Academy and a fraud response plan which sets out the Academy's policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud.\*

\*see Trust Employment Manual

These three steps are described in greater detail in the following sections

#### Personal Conduct

The Trust aims to promote an organisational culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. To help ensure that all employees are fully aware of the Trust's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

- these regulations are binding on all trustees, governors, members of staff, students and constituent parts of the Trust. Refusal to observe them will be grounds for disciplinary action
- in disbursing and accounting for all funds, the Trust must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that trustees, governors and employees of the Trust must at all times conduct financial affairs in an ethical manner

- all members of staff, members, Trustees and governors of the Trust are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the Academy or its related companies, minority interest companies and trading areas
- any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has a personal interest must disclose this to the Headteacher or the Chief Financial Officer
- trustees, governors or employees of the Trust shall never use their office or employment for personal gain and must at all times act in good faith with regard to the Academy's interests
- heads of Department/Budget Holders are expected to adhere to the Financial Regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other Trust property

## Systems of Internal Control

The next line of defence against fraud is the establishment of operational systems which incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact and ensure its prompt detection. These controls include high level management controls such as budgetary control (designed to identify fraud which results in shortfalls in income or overspendings against expenditure) and organisational controls such as separation of duties, internal check and staff supervision. Personnel policies are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking information supplied by employees and references obtained during the course of the recruitment process, including DBS checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the Trust are documented in the Financial Procedures Policy. The Financial Procedures are issued and updated periodically by the Chief Financial Officer. They are binding on all trustees, governors, members of staff, students and constituent parts of the Trust and are distributed to the Headteacher, the Senior Leadership Team, Heads of Department and staff in the academies finance offices.

The Trust has also established a Finance and Audit Committee and an independent financial assurance function which provides advice to management in respect of control matters and which conducts a cyclical programme of reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

## Fraud Response

This document sets out the Trust's policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed-up are considered in a consistent and fair manner and that prompt and effective action is taken to:

- minimise the risk of any subsequent losses



- reduce any adverse operational effects
- improve the likelihood and scale of recoveries
- demonstrate that the Academy retains control of its affairs in a crisis; and
- makes a clear statement to employees and others that it is not a soft target for attempted fraud

The plan includes both statements of general policy and specific steps to be taken when circumstances dictate and is necessary in order to reduce the following risks:

- inadequate communication so that action is late or inappropriate
- lack of leadership and control so that investigators are not properly directed and waste time and effort
- failure to react fast enough so that further losses are incurred or the evidence required for successful recovery or prosecution is lost
- adverse publicity which could affect confidence in the Trust; and
- creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud

The main elements of the Trust's policy are in line with the Whistleblowing Policy and are outlined below:

1. All trustees, governors, members of staff, students and constituent parts of the Trust are required to notify immediately the Headteacher and/or the Chief Financial Officer of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the Trust. The Headteacher and/or Chief Financial Officer should bring this to the attention of the Chief Executive Officer immediately
2. The Headteacher/Chief Financial Officer will ascertain whether or not the suspicions aroused have substance. They will if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. The findings, conclusions and any recommendations arising from the preliminary investigation will be reported to the Chair of Finance and Audit Committee and the Chair of Governors
3. The Headteacher will have the initial responsibility for coordinating the individual Academy's response. In doing this they will consult with the Academy's Human Resources Advisor regarding potential employment issues. The Headteacher will also seek expert legal advice from the Academy's Legal Advisor on both employment and litigation issues before taking any further action
4. The Headteacher is required to notify the Chief Executive Officer and LGB of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve, inter alia, keeping the Responsible Officer, the Chief Executive Officer, the Chair of Finance and Audit Committee and the Chair of Governors fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns

5. If evidence of a fraud is forthcoming then the Governing Body will inform the DfE as required by the Funding Agreement and will consider whether or not to refer the matter to the Police.

## Appendix E

### Best Value Statement for Trustees and Local Governing Bodies

#### Introduction

Subject to the scheme of delegation the Trustees/LGB are accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Trustees/Governors need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services.

#### What is Best Value

Trustees/Governors will apply the four C's of best value:

- **Challenge:** Why, how and by whom a service is provided
- **Compare:** School performance against available data.
- **Consult:** With service users, the local community etc.
- **Competition:** Wherever practicable, to secure efficient and effective services

#### The Trustees/Governors Approach

The Trustees/Governors and school managers will apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the school
- the targeting of resources to best improve standards and the quality of provision
- the use of resources to best support the various educational needs of all pupils

The Trustees/Governors and the school managers will:

- make comparisons with other/similar schools using available data, e.g. RAISE online, quality of teaching and learning, levels of expenditure
- challenge proposals, examining them for effectiveness, efficiency, and cost
- require suppliers to compete on grounds of cost and quality/suitability of services/products
- consult individuals and organisations on quality/suitability of service we provide to parents pupils, and services we receive from providers

This will apply in particular to:

- **staffing** – Trustees/governors in association with the leadership team will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management
- **use of premises** - Trustees/governors in association with the leadership team will consider the allocation and use of teaching areas, support areas and communal areas, to provide the

best environment for teaching and learning, for support services, and for communal access to central resources

- **use of resources** - Trustees/governors in association with the leadership team will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality learning
- **quality of teaching** - Trustees/governors in association with the leadership team will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with a curriculum which meets the requirements of the Curriculum, National Literacy Strategy and National Numeracy Strategy, and the needs of the pupils and teaching which builds on previous learning and has expectations of children's achievement
- **quality of learning** - Trustees/governors in association with the leadership team will review the quality of children's learning by setting of pupil achievement targets
- **purchasing** - Trustees/governors in association with the leadership team will develop procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost
- **pupil's welfare** - Trustees/governors in association with the leadership team review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation
- **health and safety** - Trustees/governors in association with the leadership team review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors

These areas will be monitored for best value by:

1. Departmental reviews by the Headteacher & Senior Leadership Team
2. Termly target setting meetings between Headteacher, Senior Leadership Team and head of departments
3. Annual performance management
4. Annual budget planning
5. Headteacher's reports including financial review
6. Feedback from responsible officer and audit report
7. Analysis of school pupil performance data
8. Analysis of LA/DfE financial data
9. Analysis of DfE pupil performance data
10. Key issues for action identified by OFSTED
11. Trustees/Governors termly committee meetings
12. Trustees/Governor's annual staff salary review

**The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable issues.**

## Appendix F

### Travel and Subsistence Policy

#### Introduction

If an employee is not sure whether they will be able to make a claim in a particular situation, they should ask before they incur any expenses, as this may not be reimbursed. Clarity should be sought before claim is submitted.

It is very important that claims are not made outside the terms of this policy and guidance unless permission has been given specifically to deal with a particular situation.

#### Accommodation

All overnight stays must be approved in advance by the appropriate authorised officer.

In some situations, particularly certain training courses, accommodation is provided as part of the package, in which case employees do not need to make any claim. In other cases, the employee will be reimbursed the actual cost of bed and breakfast incurred.

#### Travel

##### General Principles

Employees should only make business journeys when they are absolutely necessary. Other options should always be considered before travel is undertaken which are more efficient and cost effective for example email, telephone, video or telephone conferencing.

Where a business journey is necessary, employees are expected to organise it in the shortest and most effective way.

Employees whose post requires them to undertake business travel are responsible for their own travel arrangements and these must be carried out in the most effective and efficient way to perform the job.

Environmentally friendly travel should be encouraged. Mileage payments will be made within Her Majesty's Revenue and Customs guidelines.

It is the employees responsibility to ensure that they have the appropriate car insurance.

##### Mileage Payments

Employees who use their own car, van, motorcycle or cycle for official Trust work purposes are entitled to be reimbursed in accordance with Her Majesty's Customs and Revenue (HMRC) approved mileage rates.

Where a number of employees undertake the same or a similar journey, they should always travel together.

The basic criteria for claiming official mileage is that this will be calculated from the employee's workplace and back again. Normal everyday home to office mileage is the employee's responsibility.

Where it is more beneficial for employees to travel direct from home to an outside appointment or vice versa, rather than call in to the workplace first, they are **only** entitled to claim the number of miles over and above their normal home to work mileage. On this basis, all travel claims in any one day should always exclude the employee's normal home to office miles regardless of the reason e.g. training course etc.

The only circumstance in which normal home to office mileage is payable is where a second journey from home to a place of work is made on the same day in order to carry out official duties. Where an employee agrees to work on a day they would not normally work, it is still their responsibility to get to and from work (including training courses). Therefore, no home to office mileage is payable.

### **Other conditions**

Where an employee is required to travel from their normal workplace to carry out their day to day role, travelling time is included within their normal working day. However, employees who are expected to travel to training courses can claim no more hours than their normal working day including travelling time. Where there are excessive demands placed on an employee, for example very long distances travelled which extend significantly over the working day and where such occurrences happen repeatedly over a short period of time, then management will have discretion, as a gesture of goodwill, to allow some time in lieu as recompense.

### **Rail Travel**

If an employee requires a rail ticket for business purposes they must contact the authorised person who can organise this for them.

Employees are expected to travel standard class and take advantage of off peak or other reduced rates if the circumstances allow.

Bus fares and car-parking charges incurred on Academy business may be reclaimed in full.

The Trust will not reimburse in respect of parking and similar fines.

### **Authorisation**

The formal responsibility for authorising business journeys rests with the other authorised officer. Employees are advised to seek approval in advance for any unusual journeys where there is likely to be any doubt about the legitimacy of the journey or of the amount of mileage that can be claimed.

## **Methods of Claiming**

Employees should complete the Travel Claim and Expenses Claim, attaching the relevant VAT receipts and submit them to the finance office. Claims must be made on a monthly basis; if an employee delays and then submits forms covering a substantial period they will not be paid if older than 3 months.

Employees should note the terms of the declaration on the claim form. No one should make or approve a claim if the conditions explained in this policy have not been met. The Trust will take a very serious view of fraudulent or negligent claiming or certification.

## **Insurance**

Employees who use their own vehicle for work should ensure they have the appropriate insurance to cover business travel. This is normally referred to as 'Business, Social and Domestic' cover by Insurance companies. It is the employee's responsibility that they are insured

The following rates apply to employees who are required to travel on the Trust business using a car or van:

- First 10,000 miles - 45p per mile
- After 10,000 miles - 25p per mile

## Appendix G

### Financial Reserves Policy

#### Introduction

The Trust Board need to consider the level of reserves the school should hold. Levels of reserves which are too high tie up money which should be spent on current school activities. Levels of reserves which are too low may put the future activities of the school at risk.

The reserves policy:

- assists in strategic planning by considering how new projects or activities will be funded
- informs the budget process by considering whether reserves need to be used during the financial year or built up for future projects
- informs the budget and risk management process by identifying any uncertainty in future income streams

#### During the financial year

The Trustees identify:

- when reserves are drawn on, so that they understand the reasons for this and can consider what corrective action, if any, needs to be taken
- when reserve levels rise significantly above target so that they understand the reasons and can consider the corrective action, if any that needs to be taken
- where the reserves level is below target and consider whether this is due to short-term circumstance or longer term reasons which might trigger a broader review of finances and reserves

#### Development of the Trust's reserves policy

When considering an appropriate level of reserves, the Trustees consider:

- the risk of unforeseen emergency or other unexpected need for funds
- covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence
- a fall in a source of income, such as lettings
- planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project
- the need to fund potential deficits in a cash budget, for example money may need to be spent before a funding grant is received

The financial risks identified determine the amount of reserves the Trust targets to hold.



### **In-year reports to the Trustees**

In-year reports:

- compare the amount of reserves held with the target amount or target range set for reserves
- explain any shortfall or excess in reserves against target set
- explain any action being taken or planned to bring reserves into line with target

### **Annual financial statements**

The reserves policy disclosed in the Trust report will include the following information:

- why reserves are held
- what amount/range of reserves is considered appropriate for the academy Trust
- what the level of reserves is at the year end
- how the academy Trust is going to achieve the desired level or range of reserves
- how often the reserves policy is reviewed

### **Target range of reserves for the financial year**

The level of reserve will be reviewed and set on an annual basis as part of the budget setting plan.

### **Monitoring and evaluation of the policy**

This policy will be monitored regularly for any changes in legislation or directions from the DFE which may have an effect and evaluated in the light of any comments made by the DFE, ESFA, auditors and any other interested parties.

### **Reviewing**

The Chief Financial Officer, the Chief Executive and Trustees will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to.

## Appendix H

### Fixed Asset Policy

#### Introduction

The purpose of this policy is:

- to provide guidance when dealing with capital expenditure and the purchase and disposal of fixed assets (as defined below); and
- to provide guidance on other aspects of fixed asset accounting such as depreciation and revaluation

#### Definitions

##### Accumulated Depreciation

The total accumulated amount charged to the income and expenditure account to reflect the use of the asset by the business, over its useful economic life. The value of the fixed asset on the balance sheet will be reduced over the useful life of the asset.

##### Capitalisation

The addition to the balance sheet of an amount in respect of an asset which has come into the possession of the School, whether through purchase or donation or gift in kind.

##### Carrying amount/net book value

The purchase cost (or valuation) of a fixed asset less the accumulated depreciation on that fixed asset.

##### Depreciation

The charge made to the income and expenditure account each month to reflect the use of the asset by the business during the period.

##### Fixed Assets

A fixed asset is an asset that has a useful life greater than one year. This includes land, buildings, office furniture and equipment (e.g. air conditioning, heating systems), vehicles, IT equipment and other classroom equipment. These are included in the School balance sheet. Consumables which are used on a daily basis are not fixed assets.

##### Fixed Asset Register

An inventory of all fixed assets which must include date purchased the depreciation rate, net book values and the depreciation.

## **Grant**

Funds given to the School by a third party, subject to complying with any terms and conditions attached to the grant, to purchase unspecified fixed assets.

## **Recoverable Amount**

The cash proceeds when an asset is disposed.

## **Categories of Fixed Assets**

This list describes the categories of fixed assets most commonly used by Schools. It is not exhaustive and other categories may be added but only with the approval of the Finance Manager.

### **Freehold and Long Leasehold Buildings**

The cost of acquiring freehold and long leasehold land and buildings. It includes all external costs incurred as part of the acquisition such as legal and professional fees as well as other costs such as building costs which are necessary in order to bring the asset into use.

The Trust must seek and obtain prior written approval from the Secretary of State, via the ESFA when acquiring a freehold on land or buildings.

### **Fixtures and Fittings**

Items such as shelving, fixed or free standing, soft furnishings and general furniture such as chairs, desks which will last a number of years but not as long as the building in which they reside.

### **Plant and Equipment**

Items such as air conditioning, lifts, heating system, diesel generators and classroom equipment which will be used for several years.

### **Computer Equipment and Software**

Cost of the computer hardware used throughout the School along with 'significant' software.

## **Criteria for Capitalisation of Assets**

### **Expenditure Eligible for Capitalisation**

Authorised and approved expenditure for an item which meets the definition of a fixed asset, and exceeds £1,000, should be identified and flagged as a fixed asset. The asset should be recognised on the School balance sheet.

The cost of the fixed asset should include the cost of the asset and any other costs directly attributable in bringing the asset into a condition where School employees can use it. Such costs include, but should not be limited to:

- costs of enhancements (not repairs and renewals), which significantly extend the life of the asset and would not be carried out on a regular basis (e.g. building improvements)
- costs of external consultants whose work is directly attributable to the implementation of the asset

### **Expenditure Not Eligible for Capitalisation**

- individual items costing less than £1,000, unless purchased in bulk as part of a capital project
- costs of staff training as part of normal business activities
- administration and general overheads for running day to day activities
- planning costs relating to initial activities such as option appraisals, feasibility studies, identifying appropriate hardware and applications and selecting suppliers and consultants
- cost of abortive work
- post implementation support and maintenance costs related to software installation

### **Accounting Treatment (valuation in balance sheet)**

Only costs eligible for capitalisation should be entered into the accounts.

Costs must be allocated against individual fixed assets.

The cost of the asset includes the purchase price (including import duties and non-refundable taxes) and any other direct attributable costs of bringing the asset to working condition. Discounts received should be deducted from the total cost.

Expenditure on enhancing a fixed asset already recognised on the balance sheet should be added to the carrying amount where the expenditure meets the definition above.

Fixed assets purchased with grant money must be clearly identified in the fixed asset register.

### **Revaluation of Fixed Assets**

Freehold and long leasehold land and buildings may be revalued by independent valuers at times recommended by the auditors.

Gains on revaluation of fixed assets must be credited to the relevant reserve as follows:

- land and building revaluations should be transferred to a designated revaluation reserve
- losses on revaluation must be debited to the relevant reserve (revaluation, fixed assets revaluation reserve) to the extent that gains have previously been recognised and recorded

### **Depreciation**

Depreciation is charged against fixed assets over the expected useful life of the asset to reflect the usage of the asset over time.

The Trust uses the straight line method of depreciation where the asset cost is written down in equal annual amounts over its expected useful life.

The period over which the asset is depreciated varies according to the category of the asset.

All tangible fixed assets, other than assets in progress must be depreciated as follows:

- |                                 |           |
|---------------------------------|-----------|
| • Property                      | 2%        |
| • Furniture & equipment         | 15% - 20% |
| • Plant & Machinery             | 15%       |
| • Computer equipment & software | 20%       |
| • Motor vehicles                | 10%       |

Depreciation will be charged from the month in which a newly purchased asset comes into use.

Depreciation ceases to be charged in the month the asset is disposed.

## Disposal of Fixed Assets

When a fixed asset is sold or otherwise disposed, a profit or loss may arise. This is the difference between the total sale proceeds, less the cost of disposing of the asset, and the net carrying amount of the asset.

The profit or loss arising on disposal should be recognised as follows:

- profits on disposal of fixed assets must be included in the income and expenditure account under 'profit or loss on sale of assets'
- losses on disposal of fixed assets must be treated as additional depreciation and included in the relevant account within the income and expenditure account

Any asset that is lost or destroyed, and subsequently replaced through insurance proceeds should be removed from the balance sheet. The profit or loss arising (the difference between carrying amount and insurance proceeds) must be recognised in the income and expenditure account under profit and loss on sale of fixed assets. The replacement asset is capitalised at cost in the normal way.

The Trust must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following transactions:

- disposing of a freehold on land or buildings; and
- disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

The Trust may dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above) without the approval of the Secretary of State.

The Trust must ensure that any disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

## **Custodial Review**

The fixed asset register must be formally checked to the assets held at least once a year by the Finance Manager and verified by the Chief Financial Officer.