



# Finance Policy

**Approved By: The Trust Board**

**Date Approved: 15/01/19**

**Adopted by Trust Board on: 15/01/19**

**Review Frequency: Annual**

## Introduction

The Board of Trustees is responsible for the governance and financial management of the trust. This policy affirms the importance placed upon prudent, strategic financial planning and the necessary stringent controls, checks and procedures that need to be in place to enable Trustees and employees to discharge their duties effectively. The trust is committed to achieving the highest standards of financial management.

The key documents published by the ESFA which detail the operating framework include the Funding Agreement, Academies Financial Handbook and Accounts Direction. The trust must comply with the principles of financial control outlined in these documents.

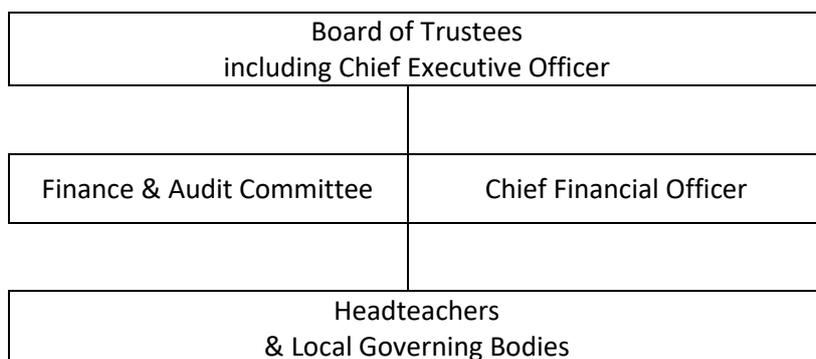
This policy provides detailed information about the trust's accounting procedures and the day-to-day operation of financial management within the trust, and incorporates the following appendices:

- a) Scheme of Delegation
- b) Finance & Audit Committee - Terms of Reference
- c) Financial Year Calendar Overview
- d) Anti-Fraud & Corruption
- e) Lettings

## A. Financial Structure

### 1. Structure for financial governance:

1.1. The structure of financial governance within the trust is as follows:



1.2. Headteachers and Local Governing Bodies are responsible for their delegated budgets. Budgets are monitored by the Chief Financial Officer (CFO), along with oversight of central trust funds. Regular reporting takes place via the CFO to the Chief Executive Officer (CEO) and Finance & Audit Committee, and onward to the Board of Trustees. Named individuals appointed to the Board and Committees are held by the Clerk.

### 2. Structure for financial activities

The structure comprises a Central Finance Team (CFT) with links to key individuals at each school. The CFT comprises a Chief Financial Officer, Finance Manager and Finance Assistants. Key individuals at each school will be Headteachers and those support staff members who have been assigned the responsibilities listed below (this may be a Business Manager within secondary or an Administrator within primary). Activities are aligned as follows:

#### 2.1. Functions within the CFT:

- Purchase order processing.
- Goods receipt and invoice processing.
- Sales invoice processing e.g. for lettings, music fees, teaching school activities.
- Parent pay administration including creation of school trips.
- Reconciliation of income from cashless catering.
- Online bank account management and reconciliations.
- Charge card administration and reconciliations.
- VAT administration.
- BACS payment processing (sufficient segregation of duties to allow central authorisation, verification of BACS summary by each Headteacher).
- Payroll processing, P60/P45 and annual salary confirmations.
- Pension administration, monthly reporting and annual reconciliation.

- Gender pay gap reporting.
- Apprenticeship levy administration.
- Personnel; recruitment, contracts, record keeping (electronic storage for restricted access for each Headteacher).
- Budget setting.
- Monthly management information.
- Procurement and contract management.
- Reporting and attendance at governors/board meetings.
- Benchmarking.
- Risk assessment.
- Fundraising through bid writing/applications.
- Audit; coordination of internal and external audits.
- ESFA and Companies House reporting.

## **2.2. Functions remaining at each school:**

- Petty cash (limited resulting from introduction of online payments across the trust).
- Cash income, preparation and banking from charity days/events. Documentation sent to CFT for bank reconciliation.
- Receipt and checking of deliveries, good receipt notes annotated and sent to CFT.
- Lettings agreements, details sent to central team for invoicing.
- Free milk student data gathered and sent to CFT for claiming.
- Headteacher to authorise any staffing changes and monthly claims, information sent to CFT.
- Student census returns.

## **2.3. Additional considerations:**

- Staff workforce census to be a SIMS central return.
- Estate management; development plans, maintenance and regular/statutory checks to feed into finance function from site.
- Census completion to feed financial projections.
- Primary meal provision; two strands of supply may be in place. Services are sold to external schools and services may be bought in; this is to be reviewed for efficiency and practicality.

## **B. Financial Planning**

### **1. Budget Cycle:**

1.1. The academy trust prepares rolling 3 to 5 year budgets. The budget cycle is as follows:

- Autumn term (Sept – Dec)
  - Implementation of current budget plan
  - Monitoring expenditure (continuous-monthly)
  - Reconciliation and closure of previous financial year
- Spring term (Jan – Mar)
  - Monitoring and Reviewing of year's budget
  - Revised budget where appropriate
  - Pre-planning new financial year
- Summer term (Apr – Aug)
  - Planning for forthcoming year
  - Preparation and submission of financial budget plan
  - Review of current year's budget

1.2. All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

### **2. Budget**

2.1. The CFO is responsible, in conjunction with the Headteacher, and Business Manager where appropriate, for preparing and obtaining approval for the annual budget. The budget must be approved by the CEO, Finance & Audit Committee and the Board of Trustees.

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

2.3. The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of General Annual Grant.
- Latest estimate of other ESFA funding e.g. pupil premium, Yr7 Catch-Up or other specific funds.
- Review of other income sources available to the trust.
- Review of past performance against budgets.
- Identification of potential efficiency savings.
- Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.
- All carry forward balances.
- Any unspent grants from the previous financial year.
- Any funds 'Held in Trust'.

2.4. 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. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan.

2.5. The approved budget is then entered onto the finance system at the start of the new financial year.

### **3. Virements:**

Virements reflect in year changes of allocation between budgets and therefore may represent a revised budget. Levels of virements and authorisation are detailed within the scheme of delegation.

### **4. Revised Budget:**

Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the CEO and CFO and reports shared with the Finance & Audit Committee. Where significant variations to the agreed budget are identified, a number of substantial virements have been approved or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Finance & Audit Committee and Board of Trustees. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

### **5. Budget Forecast Returns:**

The approved budget must be submitted to ESFA by 31 July and the interim return as at 31 March submitted by the 31 May each year by the CFO. They are responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

### **6. Monitoring and review (including management accounts):**

Monthly reports are prepared by the Finance Manager and CFO. The reports include:

6.1. At trust level:

- Actual income and expenditure against budget (shown as month to date and cumulatively).
- Projections to year end.
- Balance sheet.
- Cash flow forecast.
- A summary highlighting and explaining variances of at least 5% or £10,000 (whichever is smaller).

6.2. At school level:

- Actual income and expenditure against budget (shown as month to date and cumulatively).
- Projections to year end.

6.3. Any potential overspend against the budget must in the first instance be discussed with the CEO. The monthly reports are sent to each Headteacher, the CEO and the Finance & Audit Committee.

## **7. Income:**

### **7.1. Funding of CFT**

The trust has adopted a financial model whereby all schools contribute a proportion of their funding towards the central services. Each academy receives a funding statement that is calculated by the ESFA. The figure known as the 'Total Allocation' upon the funding statement summary will be the amount that will be used to calculate the % contribution. The contribution level is set at 5%.

### **7.2. General Annual Grant (GAG)**

GAG income will be received centrally into the trust's central main account. GAG income is received monthly and will be distributed to each school in line with the agreed budget and top slice arrangements to fund central services.

### **7.3. Other Government Funding**

7.3.1. In addition to GAG funding from ESFA the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.

7.3.2. The CFO is responsible for monitoring income and expenditure for each grant, ensuring a reconciliation within the monthly management accounts.

### **7.4. Other grants and specific funding**

7.4.1. The trust may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding or Charitable Grants. All applications for additional external funding must be approved and supported by the Board of Trustees. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.

7.4.2. The CFO is responsible for monitoring income and expenditure for each grant, ensuring a reconciliation within the monthly management accounts.

### **7.5. School generated income**

Income generated at school level may include aspects such as catering, trips, lettings or sale of equipment. Income will be banked for individual schools accordingly into either the main account or school fund depending upon where the related expenditure is based. Consideration will be given to appropriate VAT treatment.

### **7.6. Debt write off**

The trust complies with the guidance within the Academies Financial Handbook in respect of debt write off. All monies due are chased, and those that have not been paid within 30 days of an invoice are contacted by telephone in the first instance, followed by letter. If a debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, CFO submits a report to the CEO for approval of write off. Any debts written off should be charged to the budget against which the debtor account was originally raised. Levels of authorisation are detailed within the scheme of delegation.

### **7.7. VAT**

The trust is registered for VAT with HM Revenue & Customs. The required procedures are followed and claims submitted accordingly within the published deadlines. The VAT process is managed by the Finance Manager.

## **C. Independent checking procedures**

### **1. Internal controls:**

A rigorous month end procedure has been adopted which includes a review of income and expenditure, accruals and prepayments, along with reconciliation of control accounts. This process contributes to the compilation of accurate monitoring and review.

### **2. Internal audit:**

2.1. The trust has appointed Duncan & Toplis as auditors. In respect of internal audit, a framework has been established, the purpose of the framework is to provide the Board with on-going independent assurance that:

- The financial responsibilities of the Board are being properly discharged.
- The resources are being managed in an efficient, economical and effective manner.
- Sound systems of financial control are being maintained.
- Financial considerations are fully taken into account in reaching decisions.

2.2. The internal audit framework of operation will include:

- guard against fraud.
- Checking processes and documentary evidence through sampling of payments, receipts, payroll and bank reconciliations.
- Reviewing month end reports and processes.
- Supporting the development of the CFT through constructive advice, guidance and making recommendations for improvement as appropriate.

2.3. Internal audit will comprise 3 visits per annum, which will include:

- Pre visit preparation.
- On site checks of processes, system records and physical documentation as noted below; each element being covered at least twice during the range of three visits.
- Offsite report writing.
  - i. **Procurement:** Testing purchasing, invoices, payments and authorisation limits.
  - ii. **Payroll:** Checking appointments, change of circumstances and payments.
  - iii. **Accounts:** Bank, investment and charge card purchases, statements and reconciliations.
  - iv. **Income:** Testing invoicing, receipts, banking and debt write off.
  - v. **Month End:** Viewing month end reconciliations relevant to the period prior to each visit.
  - vi. **Governance:** Viewing budget reports to Trustees for Finance & Audit Committee meetings
  - vii. **Process:** Comment upon compliance with ESFA guidelines, completion of internal checks and segregation of duties.

2.4. In addition, a full external audit takes place annually in line with the requirements set within the Academies Financial Handbook. The CFO is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

### 3. Review of regularity:

3.1. The CEO reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:

- Management accounts.
- Compliance against the scheme of delegation.
- Value for money practice.
- Review of trustee/governor minutes.
- Review of transactions for evidence of related party transactions.

3.2. The CEO has delegated the following responsibilities to the CFO:

- Adherence to tendering policies.
- Review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook.

3.3. Reviews are documented.

### 4. Annual accounts:

4.1. Annual audited financial statements are produced for the accounting period to 31 August. The accounts are outsourced to auditors for preparation and are then submitted as follows:

- by 31 December – to ESFA
- by 31 January – published on the trust's website
- by 31 May – to Companies House

### 5. Value for money statement:

As part of the annual accounts, the trust must include 3 focussed examples of value for money. The CFO is responsible for collating the examples, which are then confirmed by the CEO and Finance & Audit Committee.

### 6. Document retention:

Documents are retained in line with statutory guidance; the trust has published a retention and destruction schedule, which is compliant with the General Data Protection Regulations.

## **7. Accounting system:**

All financial transactions of the trust must be recorded into the financial software system. In addition, other systems such as payroll, online payments and cashless catering are utilised to manage the trust's finances. These systems are operated by the CFT and managed as follows:

### **7.1. System Access**

7.1.1. Access to all systems is via a personal password. The trust has an IT Acceptable Use policy in place, which details the expectations and responsibilities for securing IT access and data.

7.1.2. Access is restricted to relevant staff members and appropriate levels of authority are set in line with the structure of the CFT. Headteachers have read-only access to the financial software system in order to view and monitor their school's financial activities.

### **7.2. Back-up Procedures**

The Network Manager will ensure the financial accounting systems are backed up on a regular basis (at least weekly) and that copies are stored in at least two separate locations. The Critical Incident Plan includes reference to re-establishing critical systems in the event of a disaster.

## **D. Investments**

### **1. Principles of Investments:**

The principles of investments are as follows:

- To set objectives which clearly identify the desired outcomes of investments.
- To consolidate the funds and seek professional advice in order to secure the best return in accordance with those objectives.
- To ensure the accounts reflect all financial activities of the trust, are transparent and open to scrutiny, whilst identifying restricted or designated funds in order to position us favourably when bidding for grant funding.
- To identify if restrictions upon funds exist and set out the details of those in line with the wishes of donors.
- To set a framework for Trustees to support the decision making process for investments and to show due diligence within their considerations. This is to include an annual review of investment performance and strategy.

### **2. Corporate Social Responsibility:**

As a charitable trust operating with public funds, Trustees deem it important to give consideration to the ethical impact of investments.

- Investments will be excluded from the portfolio where there is awareness of activities which involve countries with poor human rights and/or child labour rules and where there is doubt regarding the ethical nature of specific business activities and their impact such as pay day loans.
- Investments will endeavour to be included within the portfolio which promote investment in the UK to support the home economy or investments which represent sustainable concepts.

### **3. Investment Portfolio Objectives:**

It is the aim of the Trustees to achieve the following through investment:

- To consider all investment opportunities, including returns of capital growth and dividends, to achieve the best possible total return on investment from a broad range of options.
- Where possible, to reinvest dividends received within the funds subject to an agreed investment timeframe.
- To maintain a balance of risk within the portfolio.
- To receive an annual return, net of all costs, of 5%.
- In respect of short term deposits, to consider the offers from banks who have 'A' Ratings from the Financial Ratings Agencies.

### **4. Restrictions:**

Consideration will be given to funds which are restricted for specific purposes, unrestricted but designated for development projects, or required to be held on deposit for quick access to support cash flow management. Details of restrictions will be noted within the accounts.

### **5. Authorisation of Investments:**

Those proposals which are agreed by majority consensus of the Finance & Audit Committee will be presented to the Board for approval prior to commitment. Two Trustees will be required as signatories for banking documents.

## **E. Annual Review**

An evaluation of trust finances will take place annually and consideration will be given the projected cash flow position. This allows proactive management of finances and the ability to identify the value of funds available for short, medium and long term investment planning. In this context, short term is 1-3 years, medium term 4-7 years and long term 8-10 years.

## **F. Reserves**

1. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year. The CEO as Accounting Officer must inform ESFA immediately if a deficit is anticipated.
2. If the trust is anticipating a deficit at the end of any financial year, the Board, CEO and CFO have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Board must ensure that a recovery plan is submitted and approved by the ESFA.
3. It is the responsibility of the CFO to keep accurate records of the capital funds, especially where grants have been received for capital projects.

## **G. Cash flow and banking**

### **1. Administration:**

- 1.1. The trust has identified Lloyds as the provider of banking services.
- 1.2. The trust recognises the importance of cash flow management in maintaining the bank accounts. The Board will notify the ESFA should it become clear that, due to financial pressures, the trust is no longer able to keep bank accounts in credit. Bank accounts will be operated by any two signatories; these may include the Chair of Trustees, the CEO, the CFO and Headteachers. A payment limit of £25,000 applies to transactions, with the exception of the monthly payroll.
- 1.3. Any payments over £25,000, with the exception of the monthly payroll, can only be made by the CEO and the Chair of Trustees. Evidence of authorisation must be documented.
- 1.4. To contain administrative costs, refunds which may result from trips, activities or cashless catering balances held when students leave, will only be made to individuals when the value exceeds £3. With regard to cashless catering, any balance held will be transferred to siblings in the first instance where possible. Any cumulative residual value at the end of each financial year will be held in a contingency fund and allocated for student benefit during the subsequent year. Allocations must be approved by the relevant Headteacher.

### **2. Purchasing:**

- 2.1. All purchasing is made via the trust's internal procedures and incorporates appropriate levels of authority as set within the scheme of delegation. Purchase requisitions are sent via the budget holder to the CFT for processing.
- 2.2. Purchases over the published threshold are to be dealt with in accordance with OJEU guidelines.

### **3. Leasing:**

Any leasing will be undertaken with reference to the guidance in the Academies Financial Handbook.

### **4. Trading with related or connected parties:**

All Trustees, senior leaders and employees with significant budget responsibility are required annually to complete a declaration of business interests. Details are collected within the CFT and purchasing is monitored to identify in advance if related or connected parties are involved. The trust complies with the guidance within the Academies Finance Handbook to ensure conflicts of interest do not arise.

## **H. Payroll**

### **1. Staffing:**

The Board will hold an agreed staffing establishment record for all schools within the trust. Appointment to vacancies must be in line with the HR responsibilities as outlined within the Governance Framework & Scheme of Delegation. Individual personnel files will be held by Headteachers at each school, however, the CFT will maintain personnel files for all members of staff which will include contracts of employment and any subsequent changes.

## **2. Payroll Administration:**

- 2.1. Payroll is administered through the CFT and outsourced to an external provider. All staff are paid on the 23rd of each month. The trust does not under any circumstances award salary advances. A record is created within the payroll system for each employee which records:
- salary
  - bank account details
  - taxation status
  - personal details
  - any deductions or allowances payable
  - other legal and relevant details
- 2.2. Appointments, leavers or amendments to contracts can only be administered by the CFT following receipt of signed authority of the CEO or relevant Headteacher.
- 2.3. The CEO and Headteachers must provide data detailing any sickness and other absences during the month in order for the correct statutory provisions to be made.
- 2.4. Timesheets for additional hours, temporary work or overtime are completed by each employee. In turn this is authorised by the line manager and approved by the CEO or relevant Headteacher.
- 2.5. The CFT will produce a payroll timetable to establish the deadlines for documentation and processing.
- 2.6. Payroll documentation is processed by a Finance Officer/Assistant, verified by the Finance Manager and authorised for payment by the CEO and CFO. All salary payments are made by BACS.
- 2.7. In the absence of either the CEO or CFO, payroll payments will be authorised by a designated Headteacher.

## **3. Severance, compensation or ex-gratia payments:**

In the event that such a payment is considered, reference will be made to the Academies Financial Handbook to ensure compliance and approval from the ESFA is sought where appropriate. In each instance a business case must be prepared and appropriate HR support engaged. The Trust Board will be informed and the CEO must review and sign off each business case.

## **4. Trustee and Governor expenses:**

Trustees and Governors are entitled to claim costs as set out in the relevant policy. This does not include attendance allowance or reimbursement for loss of earnings. Payments will comply with the guidance within the Academies Financial Handbook and the Governance Handbook. Any individual wishing to make claims under these arrangements must complete a claim form from the CFT and submit it together with the relevant receipts within one month of the dates when the costs were incurred.

## **I. Fixed assets**

### **1. Fixed asset register:**

All items purchased with a value over the academy's capitalisation limit of £5,000 must be entered as a fixed asset within the financial software. Depreciation will be applied as set out within the scheme of delegation. These items are reported within the annual accounts.

### **2. Asset register:**

- 2.1. A detailed asset register will be maintained of all items purchased over the value of £500. This will assist to:
- Encourage staff to take responsibility for the safe custody of assets.
  - Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse.
  - Manage the effective utilisation of assets and to plan for their replacement.
  - Help external auditors to draw conclusions on the annual accounts.
  - Support insurance claims in the event of fire, theft, vandalism or other disasters.
- 2.2. The asset register should be reviewed and validated annually.

### **3. Disposals:**

Disposals of certain classes of assets must be dealt with in line with the Academies Financial Handbook, including seeking prior approval where appropriate. Items which are to be disposed of by sale or destruction must be authorised for disposal as set out within the scheme of delegation.

**4. Loan of assets:**

- 4.1. Trust property must not be removed from the premises without the authority of the CEO, CFO or relevant Headteacher. Loaning an asset is a rare occurrence and details should be noted when authority is given to ensure the item is promptly returned.
- 4.2. Any such loan is given on the basis that should items be damaged, a contribution to the replacement item will be required (taking into account the age and condition of the item). If assets are on loan for extended periods or requests are made by a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes.

## APPENDIX A: SCHEME OF DELEGATION

### 1. Authorisation Limits

The following levels of authorisation have been delegated to process purchase orders or invoices.

#### 1.1. Purchase Orders/Invoices

Budget Holders	£ 2,000 or within remaining budget limit whichever is lower
Assistant Headteacher	£25,000 <i>invoice authorisation for examinations only</i>
CFO/Deputy Head	£25,000
CEO/Headteacher	£50,000

Official orders are the preferred method of purchasing because they ensure that commitments are reflected within budgets.

#### 1.2. Charge Cards

Charge cards are only used in circumstances where payment is required in advance. Authorisation of the budget holder must still be obtained as set out above. Cards are held and managed by the CFT. The monthly limit on each card is £1,500. A log of purchases is maintained in order to ensure each card does not exceed its limit.

#### 1.3. Petty Cash

A petty cash fund may be held in each school up to a maximum value of £500. This should be used for minor purchases and reimbursements of no more than £25. Authorisation of the budget holder must still be obtained as set out above. The cash tin should be kept locked and stored in the safe overnight.

#### 1.4. Refunds of personal spending for purchase of equipment or goods for school (excluding own expenditure)

Budget Holder	£ 2,000
CEO/Headteacher	£10,000

#### 1.5. Reimbursement of travel expenses and related subsistence (excluding own expenditure)

Deputy Head (for CPD expenses)	£ 1,000
Headteacher	£10,000

*NB. Refunds for items without a receipt will only be made in exceptional circumstances and must be approved by the budget holder and Headteacher. Expenses will normally be reimbursed on the basis of the most economical means of transport, comparisons will be made between rail and road. Any exceptions must be approved in advance by the Headteacher.*

*All staff are reminded that they should not use loyalty cards when purchasing items on behalf of the trust to avoid any instance where personal gain could be realised through either points or /cash values.*

*In line with the guidance on regularity, alcohol will not be purchased from school funds.*

### 2. Purchasing:

#### 2.1. Purchasing

Purchasing will be conducted as follows:

- Items/services valued at more than £ 5,000 - 3 quotes to be obtained.
- Items/services valued at more than £10,000 - tendering process to be used.

#### 2.2. Forms of Tenders

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

**2.2.1. 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.

**2.2.2. 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 and unmanageable number of suppliers would come forward
- the nature of the goods are such that only specific suppliers can be expected to meet the requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

- 2.2.3. **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.

### 2.3. Tender process

- 2.3.1. When preparing a tender, full consideration should be given to the objective of project, overall requirements, technical skills required, after sales service requirements and the form of contract.
- 2.3.2. It may be useful after all requirements have been established to rank them (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.
- 2.3.3. A tender brief must always be prepared and is reviewed by the CFO.
- 2.3.4. If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry. An invitation to tender should include the following:
- introduction/background to the project
  - scope and objectives of the project
  - technical requirements
  - implementation of the project
  - terms and conditions of tender
  - form of response including deadline
  - dates for decision and work to be delivered
- 2.3.5. All tenders should be stored securely and when opened, witnessed by more than one individual. 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.
- 2.3.6. 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.
- 2.3.7. Tenders to the value of £25,000 can be approved by the Finance & Audit Committee. Higher values should be referred to the Board of Trustees.
- 2.3.8. Acceptance should be based upon the assessment of successfully meeting the tender requirements and the principles of best value should be applied. It is acknowledged that the preferred supplier may not necessarily be the lowest cost.

### 3. **Fixed Assets**

- 3.1. Fixed assets should be capitalised if they are above of the agreed deminimus level of £5,000. Buildings would only be capitalised if they were a new building, unless otherwise decided by the Board of Trustees or if directed to by the ESFA.
- 3.2. Depreciation of fixed assets, excluding buildings, should be on a straight line basis and in line with their useful economic life.
- 3.3. At each reporting date, the Trust shall apply Section 27 of FRS102 (Impairment of Assets) to determine whether an item or group of items of property or equipment is impaired and, if so, how to recognise and measure the impairment loss. Consideration and approval of the disposal of fixed assets will be delegated as follows:
- Items valued at less than £10,000 - approval by the Finance & Audit Committee
  - Items valued at more than £10,000 - approval by the Board of Trustees
  - Land, buildings or heritage items - approval is sought from the ESFA

#### **4. Virements**

Virements reflect in year changes of allocation between budgets and therefore may represent a revised budget. The limits and policy for approval are as follows:

- Up to £5,000 - the CFO is given delegated power to vire from one budget to another at this level.
- Between £5,001 - £10,000 - approval by the CEO.
- Between £10,001 - £20,000 - approval by the Finance & Audit Committee.
- More than £20,000 - approval by the Board of Trustees.

#### **5. Debt Write Off**

5.1. The following write off limits apply:

- Up to £500 - CEO
- £500 - £1,000 - Finance & Audit Committee
- Over £1,000 - Board of Trustees

5.2. Care should also be taken to ensure any write off does not exceed the cumulative figure permitted within the Academy Financial Handbook.

## APPENDIX B: FINANCE & AUDIT COMMITTEE TERMS OF REFERENCE

- a) The Finance & Audit Committee has responsibility for the preparation of the budget for approval by the Board of Trustees and for monitoring and compliance with the budget. Incorporated within its role is the overall supervision of the management of school buildings and grounds including internal and external repairs, heating and other property related services, health and safety, improvements and day to day maintenance.
- b) In particular the Terms of Reference are determined by regulations as amended from time to time by the funding authorities or as stated in the Academies Financial Handbook.
- c) The committee meets three times each year and is required to:
  1. Ensure that the trust is operating a sound system of financial management and accounting in accordance with conditions laid down by funding authorities.
  2. Maintain a basic knowledge of the principal requirements of the DfE, ESFA and Local Authority in respect of the administration of finances.
  3. Ensure that all funding is properly used in accordance with the terms set out by the funding authorities.
  4. Ensure that the trust plans and conducts its affairs so that it remains solvent.
  5. Make arrangements for internal audit, setting out a framework of operation to ensure good practice.
  6. Ensure that sufficient, responsible and competent staff are provided to manage the trust's financial affairs, with clearly defined lines of authority and duties as set out in the trust's financial procedures.
  7. Receive regular reports on income, expenditure, commitments, projections, account balances and grants, and ensure that summary reports are prepared for the Board.
  8. To ensure that such steps as may be necessary are taken to secure value for money in all purchases of works, equipment, goods and services.
  9. Ensure that tax, charity and other such obligations are complied with.
  10. Ensure that the trust maintains an up to date Register of Business Interests for all Trustees, Governors and relevant staff.
  11. Ensure that the trust maintains a register of assets.
  12. Establish and periodically review the trust's letting charges and policy.
  13. Oversee the appointment of independent auditors.
  14. Consider the auditor's annual management letter and other communications from the auditor, together with the trust's draft responses, and ensure that appropriate action is taken.
  15. Present the annual accounts for approval by the Board.
  16. Submit audited accounts to the ESFA and Companies House, as required, and no later than the date specified in the current Academies Financial Handbook.
  17. Evaluate the trust's longer term strategic plans and set appropriate financial targets.
  18. Consider estimates for annual expenditure in line with the School Development Plan and submit budget recommendations for approval by the Board, including the delegation of the budget responsibilities to budget holders.
  19. Monitor patterns of income and expenditure over the year and approve necessary virements.
  20. Consider proposals for additional expenditure submitted by other committees and authorise or recommend funding within the means of the trust.
  21. Oversee all trust funds and investments and make recommendations on the use of income.
  22. Be aware of the implications of charitable status and changes in legislation with respect to management of trust funds and properties.
  23. Award contracts by tender in line with the scheme of delegation and advise the Board on matters of high value contracts.
  24. Approve virements in line with the scheme of delegation.
  25. Authorise disposal of fixed assets in line with the scheme of delegation.

26. Take responsibility for overall supervision and management of the trust's estate, including buildings and grounds including internal and external repairs, services and maintenance costs.
  - I. Projects costing in excess of £50,000 to require approval by the Board.
  - II. Preparation of capital bids and supervision of resulting work.
27. Take responsibility for dealing with business, rights of way and planning issues that affect the trust's interests.
28. Take overall responsibility for security of the trust's assets, including property, furniture, and equipment.
29. Review the risk register, ensuring it is comprehensive, realistic and robust.
30. Take responsibility for ensuring that the Health & Safety Policy is regularly updated and implemented.
31. Take responsibility for dealing with policy issues in relation to cleaning, grounds maintenance and school meals and for monitoring standards and associated costs.
32. Take responsibility for planning capital projects and for ensuring that subsequent work is effectively managed and on budget.
33. Take responsibility for trust insurance policies.
34. Monitor the safety and efficiency of transport services provided by LA and the trust, including any school minibus.

## APPENDIX C: FINANCIAL YEAR CALENDAR

SEPTEMBER:	Review Health & Safety Policy Review Finance Policy & TOR Appoint auditors for forthcoming year Audit of year ended 31 August takes place Review/adopt proposed cost of living pay rises
OCTOBER:	Prepare Trustee's report for incorporation into annual accounts
NOVEMBER:	Auditors attend Finance & Audit Committee to present annual accounts Review of private bus services Review individual pay recommendations Finance & Audit Committee to review Critical Incident Policy
DECEMBER:	Board of Trustees to agree accounts prior to submission to ESFA Submit accounts to ESFA and Companies House Board of Trustees to adopt Health & Safety Policy Board of Trustees to adopt Finance Policy & TOR
JANUARY:	Review of bank account and investments
MARCH	Funding allocation figures due from ESFA Review Risk Register Review financial benchmarking data
APRIL	Payroll year end LGPS & Teachers Pension Scheme EYOC to submit
JUNE	Review of Inventory and Asset Register Review findings of annual Health & Safety Inspections Presentation of Budget Forecast Finance & Audit Committee to agree budget (submission at end of July)
JULY	Board of Trustees to agree budget (submission at end of July) Submit Budget Forecast to ESFA Pre-audit visit in preparation for year end
AUGUST	Close financial year ended 31 August Preparation for annual audit
MONTHLY	Financial month end process, budget monitoring and reporting. Submission of VAT, Pensions and Payroll returns in accordance with reporting deadlines.  It is noted that internal audit visits occur three times per annum.

The ESFA calendar is available to academies via the secure access portal. It details the schedule of payments and key deadlines for each year.

## APPENDIX D: ANTI-FRAUD & CORRUPTION

This document defines the expected conduct of all Trustees and staff engaged by the trust, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and to whom it should be reported. It includes clear guidelines on what is acceptable in terms of gifts and hospitality and how these matters are declared. Reference is also made to other trust policies where appropriate.

### 1. Introduction:

- 1.1. We are committed to ensuring that we act with integrity and maintain high standards of personal conduct. Everyone involved with our trust has a responsibility in respect of preventing and detecting fraud. All staff and Trustees have a role to play. We also recognise the role of others in alerting us to areas where there is suspicion of fraud.
- 1.2. Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.
- 1.3. It is the duty of all staff and Trustees to take reasonable steps to limit the possibility of corrupt practices and it is the responsibility of internal and external auditors to review the adequacy of the measures taken by our trust, to test compliance and to draw attention to any weaknesses or omissions.
- 1.4 Any investigation carried out in relation to alleged irregularities will be linked to our Disciplinary Procedure.

### 2. Definitions:

#### 2.1. Fraud

- 2.1.1. Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence.
- 2.1.2. Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

#### 2.2. Corruption

The term 'corrupt practices' is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by staff or Trustees.

#### 2.3. Gifts and Hospitality

- 2.3.1. Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared.
- 2.3.2. The acceptance of gifts and hospitality is a sensitive area where actions can easily be misconstrued. Therefore, a staff member's actions should be such that they would not be embarrassed to explain them to anyone.

### 3. Irregularities:

Irregularities fall within the following broad categories, the first three of which are criminal offences:

- **Theft** - the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession.
- **Fraud** - the intentional distortion of financial statements or other records by persons internal or external to the trust, which is carried out to conceal the misappropriation of assets or otherwise for gain.
- **Bribery and corruption** (Gifts & Hospitality – see Point 5.) - involves the offering or the acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement.
- **Failure to observe**, or breaches of, the Scheme of Delegation and Financial Regulations or trust procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

#### 3.1. Examples of what could constitute fraud and corruption are:

- theft of cash
- non-receipt of income
- substitution of personal cheques for cash
- travelling and subsistence claims for non-existent journeys/events
- travelling and subsistence claims inflated

- manipulating documentation to increase money received e.g. false overtime claims
- payment of invoices for goods received by an individual rather than the school
- failure to observe, or breaches of, regulations and/or other associated legislation and guidance from the ESFA or the school
- unauthorised borrowing of equipment
- breaches of confidentiality regarding information
- failure to declare a direct pecuniary or otherwise conflicting interest
- concealing a generous gift or reward
- unfairly influencing the award of a contract
- creation of false documents
- deception
- using position for personal reward

3.1. The above list is not exhaustive and fraud and corruption can take many different paths. If in any doubt about whether a matter is an irregularity or not, clarification must be sought from the Chief Financial Officer.

3.2. Similarly, if there is concern or doubt about any aspect of a matter which involves an irregularity, or an ongoing investigation into a suspected irregularity, the best approach is to seek advice from the Chief Executive Officer.

#### **4. Policy Statement:**

4.1. This policy and procedure defines anti-fraud & corruption and gifts & hospitality and offers guidance for all staff and trustees.

4.2. We aim to be an honest and ethical institution. As such, we are opposed to fraud and seek to eliminate fraud by the way we conduct our business. This document sets out our policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, our 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.

4.3. This policy, in line with our corporate values of integrity, consistency, impartiality, fairness and best practice, provides both staff and trustees with mutually understood guidelines for the administration of this procedure.

4.4. The scope of this procedure extends to all trust staff, trustees and volunteers.

4.5. Time limits specified in this document may be extended by mutual agreement.

4.6. If requested, staff may be accompanied by a recognised trade union representative or work colleague, not involved in any part of the process, at any interviews.

#### **5. Gifts & Hospitality:**

5.1. These guidelines will assist when judging what sort of gift, and what level of hospitality is acceptable.

5.2. The following general rules apply and must guide decisions on receipt of gifts and hospitality:

- To accept gifts should be the exception. At small 'thank you' gift of token value may be accepted, such as a diary, a coffee mug or bunch of flowers, not over £25 in value. You should notify the CFO of any gift or hospitality over this value for entry in the Register of Business Interests.
- Always say "no" if you think the giver has an ulterior motive. Be sensitive to the possibility that the giver may think that even small gifts or simple hospitality will elicit a more prompt service or preferential treatment.
- Never accept a gift or hospitality from anyone who is, or may be in the foreseeable future, tendering for any contract, seeking employment or is in dispute with us, even if you are not directly involved in that service area.
- Where items purchased for the trust include a 'free gift', such a gift should either be used for trust business or handed to the CFO to be used for charity raffles.
- If you are in doubt about the acceptability of any gift or offer of hospitality it is your responsibility to consult the CEO, CFO or Headteacher.

5.3. A gauge of what is acceptable in terms of hospitality is whether we would offer a similar level of hospitality in similar circumstances.

- Occasional working lunches with customers, providers or partners are generally acceptable as a way of doing business provided they are not to an unreasonable level or cost.

- Invitations to corporate hospitality events must each be judged on their merit. Provided the general rules have been taken into account, it may be acceptable to join other company/organisation guests at:
  - sponsored cultural and sporting events, or other public performances, as a representative of the trust
  - special events or celebrations
  - But, consider the number of these events, and always take into consideration what public perception is likely to be if they knew you were attending.
- Acceptability depends on the appropriateness of the invitations, in terms of the level of hospitality, the frequency and the status of the invited staff member. In all such cases the Headteacher must be consulted.
- Paid holidays or concessionary travel rates are not acceptable. Neither are offers of hotel accommodation nor the use of company villas/apartments.
- If you are visiting a company to view equipment that we are considering buying, you should ensure that expenses of the trip are paid by the trust. Acceptance of refreshments and/or a working lunch may be acceptable, but care must be taken to ensure that the trust's purchasing and/or tender procedures are not compromised.
- Acceptance of sponsored hospitality that is built into the official programme of conferences and seminars related to your work are acceptable.
- Offers to speak at corporate dinners and social gatherings, or events organised by, for example, a professional body, where there is a genuine need to impart information or represent the trust must be agreed in advance with a Headteacher. Where your spouse or partner is included in the invitation, and approval has been given for you to attend, it will be acceptable for your spouse or partner to attend as well, but if expenses are incurred, these will be met personally.
- Any invitation you accept should be made to you in your professional/working capacity as a representative of the trust.

## 6. Roles and Responsibilities:

### 6.1. Staff and Trustees

We have adopted the following measures to demonstrate its commitment to anti-fraud and corruption:

- A Finance & Audit Committee meets regularly.
- Independent internal audit arrangements are in place.
- A requirement for all staff and trustees to declare prejudicial interests and not contribute to business related to that interest.
- A requirement for staff and trustees to disclose personal interests.
- All staff and trustees are made aware of the understanding on the acceptance of gifts and hospitality.
- Clear recruitment policies and procedures.
- Staff and trustees also have a duty to report another member of staff or trustees whose conduct is reasonably believed to represent a failure to comply with the above.

### 6.2. Internal Audit

6.2.1. Internal auditors have specific responsibility for overseeing the financial arrangements on behalf of the trustees.

6.2.2. The framework for internal audit is to provide the trustees with on-going independent assurance that:

- The financial responsibilities of the trustees are being properly discharged.
- The resources are being managed in an efficient, economical and effective manner.
- Sound systems of financial control are being maintained.
- Financial considerations are fully taken into account in reaching decisions.

### 6.3. Chief Financial Officer

6.3.1. The CFO has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of the trust.

6.3.2. In respect of fraud it is therefore the responsibility of the CFO to ensure internal controls prevent and detect any frauds promptly. This includes:

- Proper procedures and financial systems.
- Effective management of financial records.
- Management of the trust's financial position.

#### 6.4. External Audit

The trust's Annual Report and Financial Statements include an Independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by us throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the financial reporting and annual accounting requirements issued by the Department for Education.

#### 7. Reporting a Suspected Fraud:

All allegations of suspected fraud and irregularities are to be brought to the attention of the CFO and also referred to the CEO, unless either of these individuals are involved in the irregularity in which case the Chair of Trustees should be informed. Refer to our Confidential Reporting Policy for further guidance.

#### 8. Response to Allegations:

8.1. The CEO will have responsibility for co-ordinating the initial response. In doing this they will consult with the Human Resource advisors regarding potential employment issues. The CEO will also see legal advice from the trust's solicitors on both employment and litigation issues before taking any further action.

8.2. The CEO and CFO will ascertain whether or not the suspicions aroused have substance. In every case, and as soon as possible after the initial investigation, they will pass the matter on to the Chair of the Finance & Audit Committee. Even if there is no evidence to support the allegation, the matter must be reported.

8.3. The committee will undertake the management of the investigation.

- They will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required.
- They will determine whether the findings, conclusions and any recommendations arising from the preliminary investigation should be reported to the Chair of Trustees.
- If further investigations are required, they will determine which outside agencies should be involved (police, auditors).

8.4. The CEO is required to notify the Board of any serious financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the Chair of Trustees fully informed between board meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.

8.5. If evidence of fraud is forthcoming then the board will inform the Department for Education as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

#### 9. Confidentiality and Safeguards:

9.1. We recognise that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The trust will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.

9.2. This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.

9.3. There is a need to ensure that the process is not misused. For further guidance refer to our Disciplinary, Grievance and Capability policies and procedures.

#### 10. Links with other Policies:

The board is committed to preventing fraud and corruption. To help achieve this objective there is a clear network of systems and procedures in place for the prevention, detection and investigation of fraud and corruption. This anti-fraud and corruption policy attempts to consolidate those in one document and should be read in conjunction with the following trust policies:

- Confidential Reporting Policy (Whistleblowing)
- Capability Policy
- Disciplinary Procedure
- Grievance Policy
- ESFA Financial Handbook and Accounts Direction
- Equal Opportunities Policy

## **APPENDIX E: LETTINGS**

1. The trust regards the school buildings and grounds as a community asset and will make every reasonable effort to enable them to be used as much as possible. However, the overriding aim is to support schools in providing the best possible education for their students, and any lettings of the premises to outside organisations will be considered with this in mind.
2. In principal, the trust budget will not be used to subsidise any lettings by community or commercial organisations. A scale of charges will be set and reviewed annually, these will as a minimum recover the actual costs of lettings and any associated expenses. Schools within the trust pride themselves on being an integral part of the wider community and enjoy the role they play in supporting social, physical and lifelong learning events.
3. The purpose of this policy is therefore:
  - To provide clear guidance on lettings and the hire of the school premises.
  - To enable community and lifelong learning access to the school premises.
  - To promote the use of school facilities by the wider community.
  - To safeguard the interests of the trust.
  - To ensure that the out of hours use of school sites is not subsidised by the school budget and is sustainable.
4. **Definition:**
  - 4.1. A letting is defined as 'any use of the school premises (buildings and grounds) by a community group or a commercial organisation'. Lettings must not interfere with the primary activity of a school, which is to provide a high standard of education for all of its students.
  - 4.2. Use of the premises for activities such as staff meetings, parents' meetings, governing body or trustee meetings and extra-curricular activities of students supervised by school staff, fall within the corporate life of the school. Any costs arising from these uses are therefore legitimately part of school finances.
5. **Management and Administration of Lettings:**
  - 5.1. The CFO will oversee the financial management of lettings on behalf of the trust, in accordance with this policy. If any concerns arise regarding the nature of a particular request for a letting, the relevant Headteacher is empowered to determine the issue on behalf of the trust.
  - 5.2. Organisations seeking to hire the school premises should approach the school, who will identify their requirements and clarify the facilities available.
  - 5.3. The hirer should complete and sign a Lettings Form at this stage and attach relevant details such as copies of insurance. The trust has the right to refuse an application and lettings should not be regarded as 'booked' until approval has been confirmed. Public announcements of any activity or function taking place should not be made by the organisation concerned until the booking has been formally confirmed.
  - 5.4. The hirer will be invoiced for the cost of the letting, in accordance with the current scale of charges. The hirer should be a named individual and the agreement should be in their name, giving their permanent private address. This ensures that the letting does not represent a business tenancy and there will not be any security of tenure.
  - 5.5. All lettings fees will be paid into the main account in order to offset the costs of services which are funded from the school budget.
6. **Notes:**
  - All accommodation charges, whether for rooms, halls, playing fields or tennis courts, are inclusive of the ancillary use of related toilets and changing rooms.
  - The use of any additional accommodation will be charged for separately e.g. a classroom being used as a changing room (in connection with a dramatic production).
  - For a letting consisting of a changing room only, the fee will be equivalent to that for a classroom.
  - No reduction in the letting charges is made where there is more than one hirer on the same occasion.
  - The time during which premises are required by a hirer for preparing for a letting and cleaning up afterwards is regarded as part of the letting for the purposes calculating the charge to be made.
  - No payment should be made by the hirer directly to a member of school staff. All fees are payable in conjunction with the relevant invoice and payment should be to the school main account and not any named individual.
  - The scale of charges is a separate document and is reviewed annually.