



FINANCIAL POLICY & PROCEDURES MANUAL

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Governing Committee: Board of Trustees / Finance Audit and Risk / Pay

Responsibility: CFOO

Contents

1. Introduction	3
2. The seven principles of public life (Nolan's).....	4
3. Definitions	4
3.1. The meaning of 'member'	4
3.2. The meaning of 'Trustee', 'director' and 'governor'	5
3.3. Directions by the Education Secretary.....	6
3.4. Governance professional to the board and publication of minutes	7
4. Proper and regular use of public funds	7
5. Management of risk	7
6. Insurance	8
7. Responsibilities.....	9
7.1. Introduction.....	9
7.2. Trust board	9
7.3. Frequency of board meetings	10
7.4. Finance committee	11
7.5. Finance committee, acting in its capacity as the Trust's audit and risk committee.....	11
7.6. Accounting officer	11
7.7. Specific financial tasks delegated to the CEO	12
7.8. ESFA letters to accounting officers	13
7.9. Chief Finance Officer.....	13
7.10. Disclosure and barring service checks	14
7.11. Members of the finance team.....	14
8. Transactions with related parties.....	14
8.1. Managing related party transactions.....	15
8.2. ESFA prior approval of related party contracts	16
8.3. At cost requirements	16
8.4. Transactions with related parties that are novel, contentious and/or repercussive	17
9. Register of interests policy	17
9.1. Receipt of gifts, hospitality, entertainment and other services	18
9.2. Expenditure on gifts, hospitality, entertainment and favours	19
9.3. Private use.....	19
10. Whistleblowing policy.....	19
11. Fraud Reporting	19
12. Taxation.....	20
12.1. Setting executive pay	20

12.2.	Publication of executive pay	20
13.	Annual accounting	21
14.	Audit	21
14.1.	External audit	21
14.2.	Annual review	22
14.3.	Internal scrutiny	22
15.	Scheme of delegation	24
16.	Trust budgeting and reporting the Trust's financial position	24
17.	Computerised accounting system	25
17.1.	Transaction processing	26
17.2.	Reconciliations	26
18.	Authorised signatories list	26
19.	Payroll	26
19.1.	Monthly procedures	28
19.2.	Additional payments	28
19.3.	Failure of the payroll system	28
20.	Payment of expenses	28
21.	Purchasing	28
21.1.	Approved suppliers	29
21.2.	Tendering	29
21.3.	Quotations	30
21.4.	Purchase orders	31
21.5.	The ordering process	31
21.6.	Receipt of goods	31
21.7.	Purchase invoices	31
21.8.	Payment of invoices	32
21.9.	Credit notes	32
21.10.	Completeness of supplier balances	32
21.11.	Journal processing	32
21.12.	Segregation of duties	33
21.13.	Retention of records	33
21.14.	Controls over expenditure	33
21.15.	Virements	33
21.16.	Budget holders	34
22.	Petty cash	34
23.	Income	34

23.1.	Introduction	34
23.2.	Cash banking	35
23.3.	Postal receipts	36
23.4.	Fund-raising events	36
23.5.	Letting of Trust facilities	36
23.6.	Trust trips	37
23.7.	Donations and gifts	37
23.8.	Online payment system	37
24.	Bank and cash	38
24.1.	Bank facilities	38
24.2.	Bank reconciliations	38
24.3.	Charge cards	38
24.4.	Cash advances	39
24.5.	General security	39
25.	Capital projects	39
26.	Fixed assets	39
26.1.	Asset register	39
26.2.	Disposal of assets	40
26.3.	Losses	40
27.	Leasing	41
28.	Investments	41
29.	Freedoms and delegations and transactions requiring ESFA consent	42
29.1.	Novel, contentious and repercussive transactions	42
29.2.	Borrowing	42
29.3.	Write-offs and entering into liabilities	42
29.4.	Indemnities	43
29.5.	Special payments	44
	Appendix A: Summary of Financial Scheme of Delegation	46

1. Introduction

The purpose of this manual is to ensure that the academy Trust (the Trust) maintains and develops systems of financial control which comply with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Education Secretary.

The Trust must comply with the principles of financial control outlined in the guidance published by the Education and Skills Funding Agency (ESFA) in the Academy Trust Handbook. This manual

expands on that and provides detailed information on the Trust's accounting procedures. The manual should be read by all staff involved with financial systems.

2. The seven principles of public life (Nolan's)

The Trust is committed to the 'seven principles of public life' and the ESFA has emphasised that accounting officers must adhere to these. These are:

- Selflessness. Holders of public office should act solely in terms of the public interest.
- Integrity. Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- Objectivity. Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- Accountability. Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- Openness. Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- Honesty. Holders of public office should be truthful.
- Leadership. Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

3. Definitions

3.1. The meaning of 'member'

The members of an academy Trust have a different status from the Trustees. The members are the subscribers to the Trust's memorandum of association (where they are founding members) and any other individuals permitted to become members under its articles of association.

Members:

- May amend the articles subject to any restrictions created by the funding agreement or charity law.
- May, in certain circumstances, appoint new members or remove existing members.
- Have powers to appoint and remove Trustees in certain circumstances.
- May, by special resolution, issue direction to the Trustees to take a specific action.
- Appoint the Trust's auditors and receive the audited annual accounts (subject to the Companies Act).
- Have the power to change the company's name and, ultimately, wind it up.

The academy Trust must have at least three members, although the DfE's strong preference is that Trusts should have at least five members.

It is a requirement of the Academy Trust Handbook that employees cannot be members. Members must not be employees of the Trust, nor occupy staff establishment roles on an unpaid voluntary basis. This requirement was effective from 1 March 2021.

The Trust must ensure that their members are not subject to a direction made under section 128 of the Education and Skills Act 2008. Also, they may not appoint as a member anyone who is currently subject to a section 128 direction.

The DfE's strong preference is for a majority of members to be independent of the board of Trustees. As responsibility to conduct the Trust's business sits with the Trustees, members should be 'eyes on and hands off' and avoid compromising the board of Trustees' discretion.

It is important for members to be kept informed about Trust business so they can be assured that the board is exercising effective governance. This must include providing the members with the Trust's audited annual report and accounts.

3.2. The meaning of 'Trustee', 'director' and 'governor'

The Trustees are the same body of people as both the directors of the company. These words are used interchangeably. They are the people responsible under the academy Trust's articles of association for controlling its management and administration. They have responsibility for directing its affairs, and for ensuring that it is solvent, well-run, and delivering the Trust's charitable outcomes for the benefit of the public.

A MAT must have places reserved either for at least two elected parents on the Trust board or two elected parents on each local governing board (LGB) where the Trust has established them.

The board of Trustees has identified the skills and experience it needs, including sufficient financial knowledge to hold the executive to account. They have also addressed this for committees, local committees, and local governing boards.

- The Trustees should focus on three core functions:
- Ensuring clarity of vision, ethos and strategic direction.
- Holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff.
- Overseeing and ensuring effective financial performance.

The Trustees must apply the highest standards of conduct and ensure robust governance. The ESFA considers these critical for effective financial management. They should also follow the Governance Handbook which describes the following features of effective governance which the ESFA believes will aid compliance with the Academy Trust Handbook:

- Strategic leadership that sets and champions vision, ethos and strategy.
- Accountability that drives up educational standards and financial performance.
- People with the right skills, experience, qualities and capacity.
- Structures that reinforce clearly defined roles and responsibilities.
- Compliance with statutory and contractual requirements.
- Evaluation to monitor and improve the quality and impact of governance.

The Trustees must ensure regularity and propriety in the use of the Trust's funds, and achieve economy, efficiency and effectiveness – the three elements of value for money. The Trustees must also take ownership of the Trust's financial sustainability and its ability to operate as a going concern.

The Trust board has a duty to:

- Safeguard and promote the welfare of children.
- Have regard to any statutory guidance on safeguarding issued by the Education Secretary.
- Ensure the suitability of staff, supply staff, volunteers, contractors, and proprietors.
- Follow the Home Office's and DfE's Prevent Duty Guidance.

The Trust as an employer is responsible for the health and safety of its staff, pupils, and any visitors. This includes a duty to manage asbestos effectively compliant with the 2012 Control of Asbestos Regulations.

The DfE expects academies to manage their school estate strategically and maintain their estate in good working condition.

The DfE's strong preference is for no Trust employee to serve as a Trustee or for Trustees to occupy staff establishment roles on an unpaid voluntary basis, in order to retain clear lines of accountability. From 1 March 2022, any newly appointed senior executive leader can only be a Trustee if the members decide to appoint them as such, if the executive leaders agree and if the Trust's articles permit it.

The Trustees must appoint an audit and risk committee (either a dedicated committee or combined with another committee) to advise on the adequacy of financial and other controls, to set up risk management arrangements, to direct a programme of internal scrutiny and to monitor the quality of external audits.

The Trustee board should carry out a skills audit (and MATs should address this for their LGBs) to ensure that it has the skills and experience necessary to carry out its duties efficiently, particularly at periods of transition. The DfE competency framework for governance is cited as a useful tool to help Trusts identify skills gaps.

An objective external review of the effectiveness of the board should be conducted routinely as part of a wider programme of self-assessment and improvement.

3.3. Directions by the Education Secretary

Subject to the provisions in the academy Trust's funding agreement, the Education Secretary can require the academy Trust to remove a member or Trustee. The Education Secretary can also make directions under section 128 of the Education and Skills Act 2008 prohibiting individuals from taking part in academy Trust management. This could prevent an individual from acting as a member, Trustee or executive leader of the Trust. The ESFA may also refer academy Trusts to the Charity Commission if they are concerned about non-compliance with legal or regulatory requirements or misconduct or mismanagement in the administration of the academy Trust.

The ESFA may refer academy Trustees, as directors, to the insolvency service that may consider whether the conduct of a director is such that they are unfit to be involved in the management of a company and whether it would be in the public interest for a disqualification order to be sought.

3.4. Governance professional to the board and publication of minutes

The academy Trust has appointed a governance professional (formerly known as clerk) to support the board of Trustees who is someone other than a Trustee or the chief executive officer (CEO) of the Trust.

The governance professional helps the efficient functioning of the board by providing:

- Guidance to ensure the board works in compliance with the appropriate legal and regulatory framework and understands the potential consequences of non-compliance.
- Advice on procedural matters relating to the operation of the board.
- Administrative and organisational support.

The Trust must make available for public inspection the agenda and approved minutes for every meeting of the Trustees, LGBs and committees, along with any report, document or other paper considered at each meeting.

4. Proper and regular use of public funds

The Trust must ensure that:

- Spending of funds has been for the purpose for which the funds were given.
- No Trustee, governor, employee or related party has benefited personally from the use of Trust funds.
- All Trustees have completed the register of interests and there are measures in place to manage any conflicts of interest.
- There are no payments to any Trustee unless such payment is permitted by the articles of association and, where applicable, comply with the terms of any relevant agreement entered into with the Education Secretary.
- The senior officers' payroll arrangements fully meet their tax obligations and comply with the Treasury's directions regarding the employment and contract arrangements of individuals on the avoidance of tax.
- There is probity in the use of public funds.
- A competitive tendering policy is in place and applied.
- There is no disposal of publicly funded assets without the Education Secretary's consent, where such consent is required.

5. Management of risk

The Trust manages risks to ensure its effective operation and maintains a risk register:

- Overall responsibility for risk management, including ultimate oversight of the risk register, is retained by the board of Trustees, drawing on advice provided to it by the finance committee (which, because of the level of the Trust's income, includes the remit of an audit and risk committee).
- Other committees may also input into the management of risk at the discretion of the board.
- Aside from any review by individual committees, the board itself reviews the risk register at least annually.

- Risk management covers the full operations and activities of the Trust, not only financial risks.

The risk register contains details of designated individuals who oversee particular areas of risk. It is presented to the finance committee for discussion on an annual basis or more frequently if the Trust's activities change.

The Trust's risk management policy includes the requirement for a business continuity plan and contingency arrangements which would come into effect in the event of a disaster in order to ensure day-to-day operations are maintained.

The Trust's anti-fraud policy is reviewed on an annual basis and is in place to minimise the risk of fraud or theft within the Trust. In the event of a report of potential fraud, the provisions of the anti-fraud policy are invoked.

6. Insurance

Funds for insurance are delegated to the Trust, and it must demonstrate it can cover insurable interests under a policy arranged by the Trust board.

The finance committee reviews insurance arrangements annually. During this process, the finance committee considers the relative advantages and disadvantages of the DfE's risk protection arrangements and commercial insurance cover. They ensure that the sums insured are commensurate with risks and include cover for Trust property when off the premises.

The main types of insurance cover which are in place are:

- Premises and contents. These are insured at replacement cost against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks.
- Business interruption.
- Trust board and employer liability.
- Any statutory motor transport insurance.
- Loss of assets through fraud or dishonesty on the part of employees.
- Personal accident.
- Fidelity insurance.
- School trips.

Details of all insurance policies held by the Trust are kept in the office of the chief finance and operations officer (CFOO).

The Trust does not give any indemnity to a third party without the written consent of their insurers.

Claims under an insurance policy are authorised by the CFOO before submission to the insurance company.

Any member of staff using their car for Trust purposes amends their personal insurance for this use. The Trust maintains a register of official users. This is signed by the users to acknowledge that the insurance cover provision has been made.

7. Responsibilities

7.1. Introduction

The Trust has defined the responsibilities of each person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff.

7.2. Trust board

The Trust board has responsibility for ensuring that the Trust's funds are used only in accordance with:

- The law.
- Their powers under the funding agreement and the articles of association which set out the powers of the Trust and its governance arrangements.
- The Academy Trust Handbook.

The Trust board is responsible for the proper stewardship of the Trust's funds and for ensuring economy, efficiency and effectiveness in their use. It must also ensure that it uses its discretion reasonably and takes into account relevant guidance on accountability and propriety.

The members of the Trust board are charity Trustees and company directors. As charity Trustees they are required to:

- Ensure compliance with legal obligations, the terms of the funding agreement and the Academy Trust Handbook.
- Safeguard the Trust's resources and assets, and ensure they are effectively managed.
- Report on the Trust's activities.
- Fulfil the charitable object of the charity as set out in the articles of association.
- Comply with the rules of the charity as set out in the articles of association.
- Ensure regularity, propriety and value for money.
- Act with integrity and avoid any personal conflicts of interest.
- Not to misuse charity funds or assets.
- Act prudently in the financial management of the charity, avoiding putting the assets, funds or reputation of the charity at risk.
- Exercise reasonable care and skill, using personal knowledge and experience to ensure the charity is well run and efficient.
- Act responsibly, obtaining advice from others, including professional advisers, where appropriate.
- Ensure regularity and propriety in the use of the Trust's funds and achieve economy, efficiency and effectiveness – the three key elements of value for money.

As company directors, they are required to:

- Act within their powers.
- Promote the success of the company.
- Exercise independent judgment.
- Exercise reasonable care, skill and diligence.

- Avoid conflicts of interest.
- Not accept benefits from third parties.
- Declare any interests in proposed transactions or arrangements.

The specific tasks of the Trust board are to:

- Appoint a CEO for the Trust who will also hold the position of accounting officer.
- Appoint the Trust's CFOO.
- Appoint an independent governance professional (formerly known as clerk) to the Trust board who is someone other than a Trustee or CEO of the Trust.
- Meet at least three times a year to discharge its responsibilities as defined in the Academy Trust Handbook and according to the Trust's financial procedures manual.
- Approve the Trust's development plan and minute their approval.
- Approve the Trust's budget and minute their approval.
- Submit the budget to the ESFA in the form they require by the specified date.
- Notify the ESFA of significant changes to the budget.
- Comply with the ESFA's requirement to obtain its permission before entering into certain transactions.
- Manage the Trust's tax affairs in accordance with legislation and avoid any penalties.
- Ensure the financial health of the Trust and have in place:
 - Sound internal control procedures.
 - Risk management procedures.
 - Adequate insurance cover.
 - A business continuity plan.
 - Arrangements for reviewing and approving the Trust's establishment number, determining conditions of employment and levels of payment and progression for employees.
- Approve the Trust's written scheme of delegation.
- Approve the Trust's accounting policies.
- Maintain proper accounts.
- Prepare annual financial statements.
- Appoint a registered auditor, avoiding conflicts of interest.
- Ensure compliance with the Academy Trust Handbook, the funding agreement, the Trust's articles of association and other relevant legislation.
- Declare any pecuniary interests.
- Refuse benefits from third parties.
- Publish a governance statement within its annual financial statements.
- Carry out an annual review of the governance structure, including the range of skills available to the Trust board.

7.3. Frequency of board meetings

The Trust board is aware that the ESFA recommends that medium-size and larger Trusts, and any undergoing a period of change, consider more frequent board meetings than are required under their articles and complies with this requirement by including this as a standard agenda point at each of its meetings. The board identifies the actions it needs to accomplish during the year, and this governs the frequency of meetings.

- The board and its committees meet regularly enough to discharge their responsibilities under the articles of association, funding agreement and the Academy Trust Handbook, to ensure robust governance and effective financial management arrangements.
- Board meetings must take place at least three times a year and business must be conducted only when quorate.
- If the board meets less than six times a year it must describe in its governance statement, accompanying its annual accounts, how it maintained effective oversight of funds with fewer meetings.

7.4. Finance committee

The Trust board has established a finance committee, which meets once a term, or more frequently if necessary. This committee is responsible for monitoring and making recommendations to the Trust board on matters related to the budget and finance, and the deployment of resources in accordance with the Trust's development plan. The Trust board has:

- Defined its terms of reference.
- Prescribed the extent of its delegated authority and reporting requirements to enable the Trust board to discharge its responsibilities.
- Ensured it receives minutes of the committee's meetings.

The Trust board reviews the finance committee's remit and membership annually.

7.5. Finance committee, acting in its capacity as the Trust's audit and risk committee

The Trust is aware that all Trusts with an annual income over £50 million must have a dedicated audit and risk committee.

The remit of an audit and risk committee is included within that of the finance committee. The committee is therefore responsible for providing assurance to the Trust board that risks are being adequately identified and managed by:

- Reviewing the risks to internal financial control at the Trust.
- Agreeing a programme of work to address, and provide assurance on, those risks.

Members do not include staff employed within the Trust. However, they may attend for the purposes of reporting and discussion. The accounting officer is routinely in attendance.

7.6. Accounting officer

The board must appoint, in writing, a named individual as its accounting officer. This should be the senior executive leader. The individual must be a fit and suitable person for the role. The roles of senior executive leader and accounting officer must not rotate. The accounting officer should be employed by the Trust. The Trust must obtain prior ESFA approval if it is proposing, in exceptional circumstances, to appoint an accounting officer who will not be an employee. The Trust's designated accounting officer is the CEO who has personal responsibility to the Trust board, Parliament and the accounting officer of the ESFA for the resources under their control. The essence of the role is:

- Assuring the Trust board of compliance with the requirements of the Academy Trust Handbook and the funding agreement.
- Personal responsibility for the regularity, propriety and value for money in the use of the Trust's funds.
- Ensuring the maintenance and preparation of proper accounts.
- Ensuring that the Trust's property is under the control of the Trustees and that fixed asset registers are maintained.
- Prudent and economical administration.
- The avoidance of waste and extravagance.
- The efficient and effective use of all the resources in their charge.
- Ensuring that procedures for the effective segregation of duties are in place.
- The day-to-day organisation, staffing and management of the Trust.
- To complete and sign an annual statement on regularity, propriety and compliance.

This role does not remove the responsibilities of the Trust board as defined within the Academy Trust Handbook and in the Trust's financial procedures manual.

The accounting officer completes and signs a statement on regularity, propriety and compliance each year and submits this to the ESFA with the audited accounts. The accounting officer also demonstrates how the Trust has secured value for money via the governance statement in the audited accounts.

The accounting officer must advise the board of Trustees in writing if, at any time, in his or her opinion:

- Any action or policy under consideration by the Trust board is incompatible with the terms of the Academy Trust Handbook, the articles of association or the funding agreement.
- The board appears to be failing to act where required to do so by the terms and conditions of the Academy Trust Handbook, the articles of association or the funding agreement.

If the board proceeds, contrary to the advice of the accounting officer, and the accounting officer believes that they are in breach of the Academy Trust Handbook, the articles of association or the funding agreement, the accounting officer must advise the ESFA's accounting officer of the position in writing.

When the senior executive leader is planning to leave, the board should approach their Regional Schools Commissioner in advance to discuss their future plans.

7.7. Specific financial tasks delegated to the CEO

The CEO has delegated responsibility for:

- Leading and managing the Trust's development plan which is underpinned by sound resource planning, identifying priorities and targets for ensuring that pupils achieve high standards and make progress, increasing teachers' effectiveness and securing improvement of the Trust's performance.
- Ensuring that all relevant ESFA financial requirements are implemented.

- Establishing and maintaining sound internal financial controls which are managed on a daily basis by the CEO and CFOO.
- Ensuring the effective implementation of financial systems and procedures described in the financial procedures manual approved by the Trust board.
- Ensuring that the Trust's property is under the control of the Trustees, and measures are in place to prevent losses or misuse, including the maintenance of fixed asset registers.
- Ensuring that bank accounts, financial systems and financial records are operated by more than one person.
- Keeping full and accurate accounting records.
- Preparing accruals accounts, giving a true and fair view of the Trust's use of resources, in accordance with existing accounting standards.
- Ensuring that the funds delegated to the Trust are in accordance with their legal entitlement.
- Ensuring draft budgets are compiled for the Trust board and appropriate committees.
- Ensuring the efficient and effective deployment of the Trust's resources.
- Ensuring that financial reports are produced for the Trust board, ESFA and Companies House as required.

7.8. ESFA letters to accounting officers

The ESFA's accounting officer sends letters to all Trust accounting officers, setting out their key responsibilities and highlighting any changes. The CEO shares these letters with the Trustees, CFOO and other members of the senior leadership team.

7.9. Chief Finance Officer

The board must appoint a CFO, who is (and whose job title may instead be) the Trust's chief finance and operations officer (CFOO), finance director, business manager or equivalent, to whom responsibility for the Trust's detailed financial procedures is delegated. The CFOO should play both a technical and leadership role. The CFOO should be employed by the Trust, and the Trust must obtain prior ESFA approval if it is proposing, in exceptional circumstances, to appoint a CFOO who will not be an employee.

The CFOO and their finance staff must be appropriately qualified and/or experienced. Trusts must assess whether the CFOO, and others holding key financial posts, should have a business or accountancy qualification and hold membership of a relevant professional body, dependent on the risk, scale and complexity of financial operations. The ESFA encourages larger Trusts (for example over 3,000 pupils) to consider the range of accountancy qualifications available from professional bodies such as the ICAEW, ACCA, CIMA or CIPFA (including CIPFA qualifications developed in partnership with ISBL), and take this into account when filling CFOO vacancies. CFOOs should maintain continuing professional development and undertake relevant ongoing training.

The CFOO is responsible for the following financial duties:

- Ensuring that sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring budgets, and ensuring the delivery of annual accounts.
- Ensuring that the Trust receives all the income to which it is entitled.

- The maintenance of effective systems of internal control, accounting processes and records, as authorised by the Trust board in this financial procedures manual.
- The day-to-day management of financial issues.
- Reporting the Trust's financial results to the CEO and Trust board.
- Providing financial advice to the CEO and Trust board.
- Ensuring that the annual financial statements are properly presented and adequately supported by the underlying books and records of the Trust.
- Ensuring the accuracy and integrity of the Trust's payroll.
- Making purchases in accordance with the Trust's procurement policy.
- Managing specific projects, e.g. capital projects.
- Obtaining legal advice when appropriate.
- Ensuring regular and effective communication with the internal and external auditors.
- Being lead officer for the finance committee.

7.10. Disclosure and barring service checks

The Trust must ensure that enhanced disclosure and barring service certificates are obtained as appropriate for all staff and supply staff. This also applies to all academy Trust members, Trustees, LGBs and any individuals on committees.

7.11. Members of the finance team

Finance teams within each school within the Trust complete tasks as per their job descriptions. For all settings, the overarching function is to operate, maintain and develop the financial procedures and systems of the Trust ensuring all regulatory, legal and DfE requirements are met. They must ensure that Trust policy and procedures relating to finances are adhered to by all employees at all times.

All West Midlands Academy Trust Employees

All employees must adhere to this policy and ensure that they follow these procedures to support the academy in accounting for all cash, receipts, income and expenditure. No assumptions can be made when it comes to dealing with public funds. Failure to follow the procedures laid out in the document may result in disciplinary action.

8. Transactions with related parties

The board of Trustees ensures that the requirements for managing related party transactions are known to all relevant individuals and are applied in practice.

The chair of the board of Trustees and the accounting officer ensure that their capacity to control and influence does not conflict with these requirements. They manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the 'seven principles of public life'.

The Trust recognises that some relationships with related parties may attract greater public scrutiny, such as:

- Transactions with individuals in a position of control and influence, including the chair of the board of Trustees and accounting officer.

- Payments to commercial organisations which have a profit motive, as opposed to those in the voluntary sector.
- Relationships with external auditors that go beyond their duty to deliver a statutory audit.

The Trust maintains sufficient records, and makes sufficient disclosures in their annual accounts, to evidence that transactions with these parties, and all other related parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector.

The Trust's register of interests captures relevant business and pecuniary interests of members, Trustees, senior employees and members of the local governing boards, including:

- Directorships, partnerships and employments with businesses.
- Trusteeships and governorships, including at other educational institutions and charities.
- For each interest: the name of the business, the nature of the business, the nature of the interest, and the date the interest began.

The Trust identifies any relevant material interests from close family relationships between the Trust's members, Trustees, senior employees and members of the local governing boards. It also identifies relevant material interests arising from close family relationships between those individuals and employees.

Interests are not limited to the items above and the Trust considers whether other interests should be registered. If in doubt the presumption is towards including an interest in the register.

The board of Trustees keeps their register of interests up-to-date through regular review and Trustees are required to declare any change in their interests at each board and committee meeting.

The Trust publishes on its website relevant business and pecuniary interests of members, Trustees and the accounting officer. The Trust has discretion over the publication of interests of other individuals named in the register.

8.1. Managing related party transactions

The Trust is even-handed in its relationships with related parties by ensuring that:

- Trustees understand and comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interests in proposed transactions or arrangements. They are aware of and follow the charity commission's guidance for Trustees regarding expenses and payments.
- All members, Trustees, senior employees, and members of the local governing boards have completed the register of interests retained by the Trust, in accordance with the Academy Trust Handbook. There are measures in place to manage any conflicts of interest.
- No member, Trustee, local governor, employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust.
- There are no payments to any Trustee by the Trust unless such payments are permitted by the articles of association, or by express authority from the Charity Commission (which will be given only in exceptional circumstances) and comply

with the terms of any relevant agreement entered into with the Education Secretary. In particular, the Trust needs to consider these obligations where payments are made to other business entities that employ the Trustee, are owned by the Trustee, or in which the Trustee holds a controlling interest.

- The Charity Commission's prior approval is obtained where the Trust believes a significant advantage exists in paying a Trustee for acting as a Trustee.
- Any payment provided to related parties satisfies the 'at cost' requirements in the Academy Trust Handbook which lists those persons considered to be related parties.

8.2. ESFA prior approval of related party contracts

The Trust must report all contracts and other agreements with related parties to the ESFA in advance of the contract or agreement beginning, using their online form, for transactions made on or after 1 April 2019.

The Trust must obtain the ESFA's prior approval, using their online form, for contracts for the supply of goods or services to the Trust by a related party agreed on or after 1 September 2023 for contracts exceeding £40,000 in the same financial year ending 31 August.

For the purposes of reporting to, and approval by, the ESFA, contracts and agreements with related parties do not include salaries and other payments made by the Trust to a person under a contract of employment through the Trust's payroll.

8.3. At cost requirements

The Trust pays no more than 'cost' for goods and services provided to it by the following persons:

- Members or Trustees of the academy Trust.
- Individuals or organisations related to a member or Trustee of the academy Trust, which include:
 - A relative of the member or Trustee.
 - An individual or organisation carrying on business in partnership with the member, Trustee or a relative of the member or Trustee.
 - A company in which a member or the relative of a member (taken separately or together), and/or a Trustee or the relative of a Trustee (taken separately or together) holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of the company.
 - An organisation controlled by a member or the relative of a member (acting separately or together), and/or a Trustee or the relative of a Trustee (acting separately or together).
 - Any individual or organisation given the right under the Trust's articles of association to appoint a member or Trustee of the academy Trust, or anybody connected to such an individual or organisation.
 - Any individual or organisation recognised by the Education Secretary as a sponsor of the academy Trust or anybody connected to such an individual or organisation.

A body is connected to another individual or organisation if it is controlled by the individual or organisation, or controls the organisation, or is under common control with the individual or organisation. For these purposes, control means:

- Holding more than 20% of the share capital (or equivalent interest), or
- Having the equivalent right to control management decisions of the body, or
- Having the right to appoint or remove a majority of the board or governing body.
- The at cost requirement applies to contracts with a related party agreed in any one financial year on or after 7 November 2013 that exceed £2,500 cumulatively.
- Where a contract takes the Trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 is paid at no more than 'cost'.
- The 'at cost' requirement applies to contracts for goods and services from a related party.
- In relation to organisations supplying legal advice or audit services to the Trust, the 'at cost' requirement applies where the organisation's partner managing the service is a member or Trustee of the Trust, but not in other cases for those organisations. The published ethical standards for auditors prevent partners or employees of the audit firm from acting as a Trustee of their client Trust, but not of other Trusts.
- The Trust ensures that any agreement with any of the above individuals or organisations to supply goods and services is properly procured through an open and fair process and is supported by a statement of assurance to the Trust confirming that charges do not exceed the full cost of the goods or services.

8.4. Transactions with related parties that are novel, contentious and/or repercussive

The Trust carefully considers the impact of this requirement and its relevance to transactions involving the board and/or the accounting officer. The Trust seeks the ESFA's prior approval, using their enquiry form, for any contracts and other agreements with related parties that are novel, contentious and/or repercussive, regardless of value.

- Novel payments or other transactions are those of which 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 parliament and/or the public and/or the media.
- Repercussive transactions are those likely to cause pressure on other Trusts to take a similar approach and therefore have wider financial implications.

9. Register of interests policy

The Trust board and members of staff who can influence buying decisions recognise their responsibility to avoid any conflict between their business and personal interests and those of the Trust. The Trust therefore maintains a register of the interests of each member, Trustee, member of a local governing board and member of staff with significant financial responsibilities, their relatives and other individuals who may exert influence. The register includes:

- Interests such as directorships, shareholdings or other appointments of influence within a business or organisation from which the Trust may wish to buy goods or services.

- Interests in the appointment, salary, promotion or conditions of service of members of staff.
- The Trust considers whether other interests should be registered, and, if in doubt, does so.

The information in the register is taken into account whenever buying or staffing decisions are made. Any member, Trustee, member of a local governing board or member of staff who has an interest in a business tendering for a contract does not form part of the committee awarding the contract. Any member, Trustee, member of a local governing board and member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the committee recommending or deciding these.

Certain interests such as directorships, partnerships, employments, Trusteeships and governorships are declared irrespective of whether or not there is a trading relationship with the Trust.

Members, Trustees, members of local governing boards and members of staff are required to inform the Trust of any changes in their interests as these arise so that they can be entered in the register. The register is also updated annually. Nil returns are obtained as appropriate. Any member, Trustee, member of a local governing board or member of staff who is unwilling to declare their interests or complete a nil return is not permitted to influence a buying or staffing decision.

The minutes of the full Trust board, finance committee, or any other committee that can influence a buying decision, record a standard agenda point seeking updates to their interests.

The only exception to the requirement to disclose an interest is that if the interest is so distant or small that no ordinary right-thinking person would expect it to influence a person who might have dealings with the firm concerned. In such cases, it need not be disclosed. An example is a modest shareholding in a large public company, even if the Trust has or may have dealings with the company.

The register of interests is kept up to date at all times and it is freely available for inspection by governors, staff and parents.

9.1. Receipt of gifts, hospitality, entertainment and other services

The Trust does not accept any gifts, awards, prizes or any other benefit which might be seen to compromise its personal judgment or integrity. All members, Trustees, members of local governing boards and members of staff have been made aware of this.

Members, Trustees, members of local governing boards and members of staff do not accept excessive, frequent or regular gifts, hospitality, entertainment or other services from existing or prospective suppliers or any person wishing to use the Trust's services or facilities. When considering whether to accept such offers, they consider whether they could affect their independence or cause concern to others that they might affect their independence.

The Trust maintains a register of gifts and favours offered over the value of £50 and whether these were accepted or rejected. Members, Trustees, members of local governing boards and members of staff are required to inform the Trust of such offers as they arise.

In the event that there is uncertainty over whether or not the acceptance of a gift or hospitality is appropriate, the matter is discussed with the CFOO or CEO.

9.2. Expenditure on gifts, hospitality, entertainment and favours

The full Trust board approves any expenditure on gifts and hospitality. The Trust maintains a log of these. Such expenditure is only authorised if the Trust board can demonstrate that they have taken into account the principles of probity, regularity and value for money.

Expenditure on hospitality from public funds is only incurred in the provision of education. Hospitality is generally only provided in the workplace and usually restricted to tea/coffee, biscuits, soft drinks or sandwiches. Modest hospitality is occasionally provided outside the workplace. The CEO maintains a register of the occasions when hospitality is provided, the number of people involved and the costs incurred.

9.3. Private use

The Trust does not obtain goods or services for the private use of governors and members of staff. Members, Trustees, members of local governing boards and members of staff may not:

- Hold any interest in any equipment or property held or used for the Trust.
- Acquire any interest in the disposal of Trust equipment or property at the end of any contract between the Trust and any third party.

10. Whistleblowing policy

The Trust's whistleblowing policy is published on its website.

The staff and Trustees seek to run all aspects of school business and activity with full regard for high standards of conduct and integrity. If members of school staff, parents, governors or the school community at large become aware of activities which give cause for concern, we have this statutorily required whistleblowing policy. This acts as a framework to allow concerns to be raised confidentially and provides for a thorough and appropriate investigation of the matter to bring it to a satisfactory conclusion, under the school's disciplinary procedure and protects staff who report individuals they believe are doing something wrong or illegal.

The Trust is committed to tackling fraud and other forms of malpractice and treat these issues seriously. The Trust recognises that some concerns may be extremely sensitive. The Trust has therefore developed a system which allows for the confidential raising of concerns within the school environment, but which also has recourse to an external party outside the management structure of the school. The Trust ensures that all concerns raised by whistleblowers are responded to properly and fairly.

All staff are made aware of the whistleblowing process and how it will be managed, as outlined below, through regular briefings and through the staff handbook.

11. Fraud Reporting

The Trust has a full Fraud Policy which will provide further details.

The Trust notifies the ESFA, as soon as is operationally practical based on its particular circumstances, of any instances of fraud or theft exceeding £5,000 individually, or £5,000 cumulatively in any Trust financial year. Any unusual or systematic fraud, regardless of value, is also reported. The following information is provided:

- Full details of the event(s) with dates.

- The financial value of the loss.
- Measures taken by the Trust to prevent recurrence.
- Whether the matter was referred to the police (and why if not).
- Whether insurance cover or the risk protection arrangements have offset any loss.

The Trust must be aware of the risk of cybercrime and put in place proportionate controls and take appropriate action where a cybercrime has taken place. The Trust must obtain the permission of the ESFA to pay any cybercrime ransom demands – this action is discouraged by the National Crime Agency.

12. Taxation

The CFOO is responsible for advising on and ensuring compliance with VAT, PAYE and national insurance, and corporation tax, where this applies.

The Trust abides by the procedures issued by HMRC (His Majesty's Revenue & Customs) in connection with VAT. VAT returns are prepared by the finance manager and submitted by the CFOO.

The Trust keeps potential 'trading' activities under review and considers whether to set up a subsidiary trading company.

Payroll arrangements for senior members of staff comply with the HMRC guidance on tax obligations. Senior managers with significant financial responsibilities are exclusively on the Trust's payroll, and therefore subject to PAYE and NIC contributions deducted at source.

The Trust is aware that electric vehicle (EV) salary sacrifice schemes do not need ESFA approval where no liability falls on the Trust if an employee does not fulfil their contractual obligations with the scheme provider. For other types of EV salary sacrifice schemes, prior ESFA approval must be obtained.

12.1. Setting executive pay

The board of Trustees ensures that its decisions about levels of executive pay (including salary and any other benefits) follows a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual is involved in deciding their remuneration. A basic presumption is that executive pay and benefits do not increase at a faster rate than that of teachers, in individual years and over the longer term. Inappropriate pay and benefits can be challenged by the ESFA, particularly in instances of poor financial management of a Trust.

12.2. Publication of executive pay

The Trust must publish on its website, in a separate readily accessible form, the number of employees whose benefits exceeded £100k, in £10k bandings, as an extract from the disclosure in its financial statements for the previous year ended 31 August. Benefits for this purpose include salary, other taxable benefits and termination payments, but not the Trust's own pension costs. In the case of employees who are Trustees, their salary and other benefits will also be disclosed in £5k bandings in the Trust's financial statements, as set out in the model Trustees' remuneration note in the Academies Accounts Direction.

If the Trust has entered into an off-payroll arrangement with someone who is not an employee, the amount paid by the Trust for that person's work for the Trust must also be included in the website disclosure where the payment exceeds £100k, as if they were an employee.

13. Annual accounting

The Trust's financial year runs from 1 September to 31 August and is consistent with the academic year.

Annual financial statements are prepared in accordance with the statement of recommended practice (SORP), the requirements of the Companies Act and with the provisions of the Academies Accounts Direction produced by the ESFA.

The Trust's accounting policies have been approved by the Trust board.

The Trust's audited accounts are provided to the members.

14. Audit

14.1. External audit

The Trust has appointed, following a competitive tender, statutory auditors, who are registered under the requirements of the Companies Act, to carry out an audit and certify that the accounts are 'true and fair'. The auditors are engaged to carry out a 'true and fair' audit and a regularity audit. The engagement letter complies with the requirements of the ESFA for regularity auditing.

Additional services are not supplied but, should they be, these will be subject to a separate letter of engagement.

The letter of engagement:

- Provides for the removal of the auditors before the expiry of their term of office in exceptional circumstances. Proposals to remove the auditors require a majority vote of the members of the Trust board.
- Requires the auditors to state their reasons if they resign from office, within 14 days of resignation.

The board must notify the ESFA immediately of the removal or resignation of the auditors:

- In the case of removal, the Trust board must notify the ESFA of the reasons for the removal.
- In the case of resignation, the auditors must immediately copy to the ESFA a statement of their reasons.

An accounting officer's statement on governance, regularity, propriety and compliance is included in the Trust's annual report. A review of this statement is included within the external auditors' remit and their opinion on this is addressed jointly to the Trust and the ESFA.

The accounting officer also has a responsibility to advise the Trust board and the ESFA of any instances of irregularity or impropriety, or non-compliance with the terms of the Trust's funding agreement.

The appointment of external auditors is carried out annually and the renewal of engagement is at the discretion of the Trust board. Formal reassessment is to be carried out every five years through a process of competitive tendering.

The Trust's auditors are authorised to access all financial records, supporting documents and resources.

The report from the annual external audit, and the associated action plan, is received by the finance committee, acting in its capacity as the Trust's audit and risk committee and reported to the Trust board. The board ensures that there is an appropriate, reasonable and timely response to any audit findings, taking the opportunity to strengthen the Trust's systems of financial management and control.

14.2. Annual review

The finance committee, acting in its capacity as the Trust's audit and risk committee must:

- Review the external auditor's plan each year.
- Review the annual report and accounts.
- Review the auditor's findings and actions taken by the Trust's managers in response to those findings.
- Assess the effectiveness and resources of the external auditor to provide a basis for decisions by the Trust's members about the auditor's reappointment or dismissal or retendering. Considerations may include:
 - The auditor's sector expertise.
 - Their understanding of the Trust and its activities.
 - Whether the audit process allows issues to be raised on a timely basis at the appropriate level.
 - The quality of auditor comments and recommendations in relation to key areas.
 - The personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the Trust's managers.
 - The auditor's use of technology.
- Produce an annual report of the committee's conclusions to advise the board of Trustees and members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.

14.3. Internal scrutiny

The Trust's programme of internal scrutiny provides independent assurance to the board that its financial and other controls and risk management procedures are operating effectively.

Purpose of internal scrutiny

All academy Trusts must have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively.

Options

The Trust must deliver internal scrutiny in the way most appropriate to its circumstances. Options include:

- Employing an in-house internal auditor.
- A bought-in internal audit service from a firm, other organisation or individual with professional indemnity insurance.
- The appointment of a non-employed Trustee.
- A peer review by the CFOO from another academy Trust. The Trust should satisfy itself that the Trust supplying the reviewer has a good standard of financial management and governance and should minute the basis for its decision. The peer reviewer should be independent of the Trust.

The Trust may combine the above options. The Trust may also use other individuals or organisations where specialist non-financial knowledge is required. Internal scrutiny cannot be carried out by a member of the senior leadership team.

The Financial Reporting Council's revised ethical standard states that a firm providing external audit to an entity shall not also provide internal audit services to it.

Annual summary report

The Trust must submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions (as presented to the finance committee, acting in its capacity as the Trust's audit and risk committee by the person(s) or organisation(s) carrying out the programme of work) to the ESFA by 31 December each year when it submits its audited annual accounts. If the Trust uses additional individuals or organisations where specialist non-financial knowledge is required it should reflect their findings, recommendations and conclusions as part of the summary document submitted to the ESFA. The Trust must also provide the ESFA with any other internal scrutiny reports if requested.

Delivery of internal scrutiny

Internal scrutiny is delivered by using a bought-in internal audit service. It is covered by a scheme of work, driven and agreed by the finance committee, acting in its capacity as the Trust's audit and risk committee (which is combined with the finance committee) and informed by risk. The Trust identifies on a risk basis (with reference to its risk register) the areas it will review each year, modifying its checks accordingly. This involves greater scrutiny where procedures or systems have changed. The programme of work is carried on throughout the year and includes regular updates to the finance committee, acting in its capacity as the Trust's audit and risk committee. The finance committee, acting in its capacity as the Trust's audit and risk committee reports to the Trust board on the adequacy of the Trust's financial and other controls and management of risk.

Internal scrutiny focuses on:

- Evaluating the suitability of and level of compliance with financial and other controls.
- Offering advice and insight to the board on how to address weaknesses in financial and other controls.
- Ensuring all categories of risk are being adequately identified, reported and managed.

The Trust is required to implement robust systems of internal control and a system of checking financial controls. The control framework includes:

- Ensuring delegated financial authorities are complied with.
- Maintaining appropriate segregation of duties.
- Co-ordinating the planning and budgeting process.
- Applying discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations.
- Planning and oversight of any capital projects.
- Management and oversight of assets.
- Regularity and propriety and value for money in the organisation's activities.
- Reducing the risk of fraud and theft.
- Independent checking of financial controls, systems, transactions and risks. The Trust has appointed a bought-in internal audit service to carry out these checks.

The programme of checks carried out is agreed with the Trust board annually. After each checking session, the independent checker provides the Trust board with a written report explaining any material control issues and remedial action required.

15. Scheme of delegation

The Trust board has approved a written scheme of delegation and this is reviewed on an annual basis. It is reviewed annually and immediately when there has been a change in the Trust's management or organisational structure. The scheme of delegation is adhered to at all times.

16. Trust budgeting and reporting the Trust's financial position

The Trust board has a three-year Trust development plan, which explains how it intends to use its resources to achieve its aims and objectives. The three-year budget derives from this plan.

The plan takes account of:

- The educational priorities for the Trust.
- Likely demographic changes affecting pupils and staff.
- The building and repair maintenance programme.
- Repair and renewal programmes for furniture, fittings and equipment.

The plan is reviewed on an annual basis and updated in the light of new information and changed priorities.

The Trust board takes an integrated approach to curriculum and financial planning so that they are confident about planning the best curriculum for their pupils and delivering the Trust's educational priorities with the funding they have available.

The budget is constructed by the CFOO using the following processes:

- An estimation of income, including grant and other income such as income from lettings, catering and the Trust shop. The Trust board challenges pupil number estimates because these underpin revenue projections, and reviews these termly.
- An estimation of staffing costs, based on a staff salary calculator and taking into account known appointments, retirements and rates of pay.
- An estimation of other expenditure based on service level agreements and likely cost trends.
- The identification of potential savings.

- The allocation of curriculum budgets to departments, using a transparent formula to allocate funds equitably in line with need and Trust priorities.
- Managing planned levels of unspent balances – ensuring that the resulting annual surplus or deficit is in line with plans to recover from an overall deficit position, or build up unspent balances to fund future development plans.

Planned capital income and expenditure are identified separately within the budget.

The CFOO also produces a cash flow forecast for the year and a projected balance sheet for the year end. The Trust manages its cash position robustly and avoids becoming overdrawn.

The budgeting process starts at the beginning of the spring term each year. The CFOO draws up a draft budget for the following financial year. This is submitted to the finance committee for their review, discussion and amendment if appropriate. The budget is then submitted to the full Trust board for formal review and approval, before sending to the ESFA by their specified deadline. The Trust board minutes its approval of the budget.

The Trust submits to the ESFA in a form specified by them in accordance with their required timetable. The Trust board must approve a balanced budget, and any significant changes to that budget, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board must minute their approval(s).

The Trust board must notify the ESFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year, which it is unable to address after funds from previous years are taken into account. If an unplanned deficit occurs during the financial year, the Trust must notify the ESFA as soon as it is aware of this.

The CFOO produces management accounts every month setting out the Trust's financial performance and position, including an income and expenditure account, variation to budget report, cash flows and a balance sheet. The Trust has selected key financial performance indicators and measures performance against them regularly, including analysis in its annual Trustees' report.

The management accounts are shared with the chair of Trustees every month and with other Trustees six times a year. The board considers these when it meets and ensures that action is being taken to maintain financial viability, including addressing variances between the budget and actual income and expenditure.

After the budget has been approved by the Trust board and sent to the ESFA, it can only be amended for virements (internal transfers). Budget holders cannot exceed their budget allocation, unless they have the written approval of the CEO.

The Trust:

- Completes the school resource management self-assessment tool and submits the completed checklist to the ESFA by the specified annual deadline.
- Explains its policy for holding reserves in its annual report.

17. Computerised accounting system

The CFOO has prepared a business continuity plan which includes the actions the Trust would take in the event of loss of accounting facilities or financial data. This links 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.

The Trust's accounting system is computerised. Access to the system is restricted to the Trust's employees and those authorised by the CEO, such as an outside bursarial service. The system is accessed by passwords, which are changed routinely on a monthly basis. Passwords are only known by the relevant member of staff and the systems manager. Passwords are changed immediately if an employee is aware that an unauthorised person has learnt their password. If an outside provider uses the computerised accounting system, they are given their own user id and password.

Software is installed on the Trust's computer systems to detect viruses, spyware, and other malicious threats. Regular updates are used to ensure that the latest threats are detected. There is also a facility for cleaning up infected files. Regular reviews are carried out to ensure that access rights and levels of access are still relevant to the responsibilities of individual users. Access for staff who are no longer employed by the Trust is removed as soon as the staff member leaves.

The system is backed up daily by Access Education, the software and web portal provider.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled. The use of correcting fluid or the erasure of information is not acceptable.

The Trust complies with the requirements for retention of records prescribed by the Companies Act and charity legislation.

The Trust complies with the requirements of the Data Protection Act.

17.1. Transaction processing

All transactions input to the accounting system must be authorised in accordance with the procedures and limits specified in this manual and entered on the accounting system.

17.2. Reconciliations

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

- Sales ledger control account.
- Purchase ledger control account.
- Payroll control account.
- All suspense accounts.
- Bank balance per the nominal ledger to the bank statement.

The CFOO signs all reconciliations as evidence of review.

18. Authorised signatories list

An authorised signatory list, including specimen signatures and covering all key financial systems, is held in the finance office for reference purposes.

19. Payroll

The Trust board formally approves all appointments, terminations and salary levels. They have established procedures to:

- Ensure personnel are competent, suitably qualified and trained to a level consistent with their responsibilities.
- Provide clear statements of criteria for personnel selection.
- Provide formal job descriptions.
- Ensure that the cost of all appointments, re-gradings and any other changes in conditions of service of staff can be met within the resources available to the Trust.

The CEO maintains a list of staff employed by the Trust and their current salaries, which has been authorised by the Trust board.

The Head of HR maintains a record of all appointments and resignations, changes in remuneration, and records of sickness and other leave. Staff remuneration is made in accordance with the Trust's pay policy. All appointments are confirmed by letter and further details are included in the employees' contract of employment and statement of particulars. The Head of HR ensures that the specified pre-employment checks are carried out.

The Trust uses the services of a payroll agent and the contract between the Trust and the agent includes:

- The responsibilities of the Trust and the payroll bureau.
- The responsibility for making returns to HMRC and the dates by which these returns should be made.
- Details of ownership of programs and data files.
- Responsibilities for the control and accuracy of data.
- Details of authorised signatories for payroll amendments.
- Back up provisions.
- A schedule of reports to be sent to the Trust for financial and personnel monitoring purposes.
- An agreement as to the response time and costs that will be charged for any additional data or reports required by the Trust.
- Provision for access for Trust staff and auditors.

The payroll agent processes the staff payroll only on the written instructions of the CEO and the CFOO. They do not process salary changes authorised by the person whose salary is changing. The chair of Trustees notifies any changes to the CEO's salary to the payroll agent. The CFOO is responsible for notifying the payroll agent of changes to individual pension arrangements, for example opting in or opting out.

Payments are made as follows:

- Net payments to staff, by BACS, to employees of the Trust.
- HMRC payments, by the payroll agent, to HMRC.
- Pensions payments, by the payroll agent to the pensions authorities.
- Overtime claims, as part of net payments to staff, through the payroll.
- Expense payments, through the payroll.

Access to personnel files is restricted to the CEO, the Head of HR and the CFOO. The Headteachers and HR team within each school have access to personnel files relating to employees on their site.

No individual is treated as 'self-employed' without the clearance of HMRC.

19.1. Monthly procedures

- The school HR teams completes standing data amendment forms and summarises overtime worked.
- The school HR teams ensures that expenses and overtime have been validly incurred and appropriately authorised. Claims are not returned to claimants after this check has been carried out but are retained for processing.
- The Head of HR ensures these checks have been carried out and authorises the information to be sent to the payroll agent.
- The Head of HR checks the payroll printout received from the payroll agent to ensure that it is only paying its own staff at the correct rates.
- The CEO and/or CFOO authorise the payroll agent in writing to make the salary payments.
- A monthly print-out of amounts paid to employees is retained by the Trust and initialled by the Head of HR and CFOO as evidence of the checking and authorisation procedure.
- The Head of HR and the CFOO check gross pay, as per the payroll, to personnel records annually.

19.2. Additional payments

Any additional payments to staff, for example overtime, must be approved by the headteacher of the relevant setting, CFOO or the CEO in advance and the agreed rate of payment should be confirmed in writing. All such payments should be claimed on an official claim form which must be completed in full, including the reason for the claim, and signed and dated by the claimant. The claim should be approved by the relevant budget holder and payment is made through the monthly payroll.

19.3. Failure of the payroll system

Monthly salary payments are transmitted via the payroll agent. The transmission to bank takes place at least three working days before the payment date. Therefore, the Trust should be aware of any difficulties at least three working days in advance, thus minimising risk.

The Trust's bank has been consulted regarding a possible failure to the payroll system or the usual method of transmission. In the event that pay details could not be transmitted to the bank via the usual system, the payroll database would be emailed directly to the bank and the content checked via telephone. The bank would arrange payments directly. In the event of total IT failure at the Trust, payments would be discussed directly by telephone with the payroll agent.

20. Payment of expenses

The Trust has an expenses policy which is reviewed by the Trust board on an annual basis. The policy provides guidance about expenses which can be reimbursed to members, Trustees, directors, governors and members of staff.

21. Purchasing

The Trust board makes its buying decisions in accordance with the principles of 'best value' probity and accountability. Contracts are placed on a competitive basis and the reasons for selecting a supplier are minuted. Divisible contracts are prohibited.

The health and safety competence of contractors is assessed. Only contractors registered with their professional or trade association are employed to carry out major work at the Trust.

21.1. Approved suppliers

The finance office maintains a database of approved regular suppliers.

The finance office selects suppliers on the basis of their capacity to provide quality, quantity, service, timely delivery and price competitiveness. Volume discounts and credit terms are taken into account. Consortia are used where they provide value for money.

Suppliers are selected from:

- Business directories.
- Trade journals.
- Internet searches.
- Supplier catalogues and mailshots.
- Information from other academies and school business professional networks.
- Information provided by the ESFA.

The listing of approved suppliers is reviewed and approved on an ongoing basis by the CFOO and on an annual basis by the finance committee.

21.2. Tendering

All purchases with a value of £100,000 or more are put out to formal tender. The Trust advertises in line with the Procurement Act 2023 where there is a legal requirement to do so. Where appropriate, the suppliers invited to tender are drawn from the approved list maintained by the finance office.

Where required by the conditions attached to a specific grant from the DfE/ESFA, the relevant body's approval is obtained before accepting a tender.

The following tendering procedures are followed:

- The budget holder prepares a specification, which is authorised by the CEO/CFOO/HT as appropriate and sent to at least four suppliers.
- The invitations to tender include:
 - An introduction/background to the project.
 - The scope and objectives of the project.
 - Any technical requirements.
 - Implementation details for the project.
 - The terms and conditions of the tender.
 - The form and date of response to the Trust.

The use of brand names is avoided and, where appropriate, a European or British Standard or other quality guideline is sought. Reference is made to appropriate safety standards and fire and health and safety regulations.

- All replies are addressed to the CFOO in a plain sealed envelope marked 'Tender'.
- The date of receipt of the sealed tenders is recorded on the envelope.

- No supplier is allowed to amend their tender after the fixed date for receipt.
- All tenders are opened at the same time by staff authorised to do so.
- The following information is recorded:
 - The date and time of opening.
 - The value of each tender.
 - Details of suppliers who declined the invitation, or failed to submit a tender.
 - Any omissions in the submission, for example, documents, signatures, missing data.
- Late tenders are rejected and retained unopened until the contract is awarded. They are then returned to the tenderer with an explanatory note.
- Where contracts under seal provide for payments to be made in instalments, the chief finance officer ensures a contract register is maintained which shows the state of the account on each contract together with related professional fees and other payments.
- The CEO makes recommendations as to which tender to accept. The decision as to which tender to accept is made by the full Trust board.
- The reasons for accepting a particular tender are in accordance with the Trust's best value policy.
- Suppliers – the following points are considered when deciding which tender to accept:
 - Qualifications, technical ability and experience.
 - Pre-sales demonstrations.
 - After sales service.
 - Quality procedures.
 - References from existing customers.
 - Financial status.
 - Professional indemnity insurance.
 - Cost – the following points are considered when deciding which tender to accept:
 - Overall price.
 - Unit price for parts of the product or service.
 - The possibility of 'hidden costs'.
 - Scope for negotiation. In any negotiations, the Trust will not disadvantage other tenderers or compromise the original tender process. In all such cases, the reasons for negotiations is stated and reported to the finance committee.

The exception to this process is the procurement of energy which is delegated to the CFOO and CEO on the proviso that a recognised energy procurement specialist is used to source three quotes.

The contract awarded is signed by the CEO/chief finance officer/headteacher as appropriate.

21.3. Quotations

Quotations are obtained as follows:

- Purchases up to £2,500 – catalogue price lists.
- Purchases of £2,501 to £14,999 – two written quotations.

- Purchases of £15,000 - £99,999 – three written quotations

Exceptions to the above are in place for procurement up to the amount £7,500 which has been completed via a recognised framework or consortia as agreed with the CFOO.

The Trust keeps a record of suppliers who have been contacted but who have declined to provide a quotation.

21.4. Purchase orders

Computerised, pre-numbered orders are used for all goods and services and all orders are placed through the relevant school finance office.

Orders are only made by telephone in exceptional circumstances as approved by the Headteacher or CFOO and then confirmed in writing. A copy of any spoiled order is retained on the computer, and marked as such. Official Trust orders are not generated for the private use of individuals.

21.5. The ordering process

- The budget holder raises and signs a requisition form stating the number of items and price of the order to be raised.
- The budget holder sends the requisition to the finance manager who checks that the budget holder has sufficient funds for the purchase.
- The relevant school finance office generates a computer order.
- The relevant school finance lead approves the official order before it is despatched.
- The relevant school finance lead/Headteacher/CFOO approves the official order on the accounts software.
- The relevant school finance office distributes the orders as follows:
 - email to the supplier.
 - a copy is retained on the accounting software.
- The computer records all orders placed that have not yet been invoiced. The relevant school finance office provides a list of orders to the relevant budget holders on request.
- Cancelled orders are marked as such and retained on the accounting software.

21.6. Receipt of goods

- All goods received are delivered to the budget holder who carries out a prima facie check to ensure that the delivery is complete.
- If the delivery is only partly fulfilling an order, the budget holder notifies the relevant school finance office which maintains a record of this.
- The relevant school finance office follows up any shortages or defective items with the supplier.
- The relevant school finance office records shortages or defective items in a central goods returned file.

21.7. Purchase invoices

- The relevant school finance office records invoices on the computer as soon as they are received by the Trust.

- The relevant school finance process the invoice on the system and it workflows to the budget holder for approval. The only exception to this is where multiple budgets are being charged on one invoice, in this case, the school grid stamp will be used to obtain signatures from Budget Holders and attached to the invoice on the finance system.
- The relevant school finance office checks the invoice against the order and delivery note and send the invoice for payment on the system.

21.8. Payment of invoices

The finance office reviews the creditors' ledger regularly and selects invoices for payment. It is the policy of the Trust to pay all invoices by the due date and to take advantage of any discounts available for early settlement where this is to the Trust's advantage.

Invoices are paid within 30 days unless they are disputed. Payment is made when the finance office has made the following checks:

- The purchase is recorded on the purchase ledger.
- The purchase represents valid Trust expenditure.
- Goods or services were ordered using the Trust's ordering policy.
- Goods or services have been received and checked to the order and delivery note.
- Payment has not already been made.
- Prices agree with quotations, tenders, contracts or catalogue prices.
- The arithmetic on the invoice is correct.
- The invoice has been correctly coded.
- Discounts have been taken where applicable.
- VAT is properly accounted for and not claimed on pro-forma invoices.

The relevant school finance office completes the relevant sections of the grid stamp. The CFOO authorises payment, having ensured that the budget holder has signed the order and that all of the Trust's procedures have been followed.

21.9. Credit notes

Credit notes are attached to the relevant invoices when they are received.

21.10. Completeness of supplier balances

Invoices and credit notes are posted to the computer as soon as the Trust receives them. The relevant school finance office reconciles individual supplier balances to supplier statements, where available, on a monthly basis.

21.11. Journal processing

Manual journal processing will be carried out in line with the following authorisation limits. Authorisation may be in the format of a signature on the journal/supporting paperwork or an email from the relevant person's email account:

Purpose	Finance Leads	Headteacher	Chief finance officer	CEO

Accruals	£100,000	£100,001 - £150,000	£150,001 - £350,000	£350,000+
End of year	£20,000	£150,000	£150,001 - £350,000	£350,000+
Income	£20,000	£20,001 - £550,000	£550,001 - £2,000,000	£2,000,000+
Payroll		£500,000 – £2,000,000	£2,000,000 – £4,000,000	£4,000,001+
Prepayments	£100,000	£100,001 - £150,000	£150,001 - £350,000	£350,000+
Reversals	In line with original journal type limits			
Transfers	£20,000	£20,001 - £150,000	£150,001 - £350,000	£350,000+
VAT claim	£75,000	£75,001 - £150,000	£150,001 £350,000	£350,000+

21.12. Segregation of duties

The Trust board is responsible for ensuring the Trust has appropriate structures in place to enable effective segregation of duties. The CFOO is responsible for ensuring effective segregation of duties is maintained at all times.

21.13. Retention of records

The CFOO is responsible for the secure retention of all financial documents for the period required by the Companies Act and charity legislation. These documents may be requested by authorised external agencies at any time, for example the Trust's auditors or the ESFA. The CFOO makes arrangements with the IT manager for the secure retention of electronic accounting records in accordance with the Trust's internal data security policy and management and retention of records policy.

21.14. Controls over expenditure

Individual budget holders are able to authorise for goods and services up to £1,000 (for individual items) and within their budget. Authorisations over this amount must be referred to the CFOO who can authorise expenditure up to £5,000 (for individual items). Authorisations over £5,000 must be referred to the CEO who can authorise expenditure of up to £10,000 (for individual items) provided they have already been budgeted for. Over this, authorisation must be sought from the finance committee.

21.15. Virements

Virements (internal transfers) of up to £10,000 may be authorised by the relevant school headteacher and these must be reported to the finance committee. For virements over £10,000 and up to £30,000, consultation is required with the CEO and agreement sought from the

finance committee who may authorise any virements of funds from the contingency. If the necessary virement exceeds £30,000, then the full Trust board authorise the virement.

21.16. Budget holders

Budget holders are heads of department or other members of staff who hold responsibility for particular budget areas. Budget holders are accountable for the management and monitoring of their budgets, for achieving value for money and for adherence to the Trust's financial procedures.

Any anticipated variance from the budget holder's original spending plan must be reported immediately to the CFOO. It is the responsibility of the budget holder to ensure that the funds available are not overspent.

Budget holders are informed of the budget available to them at least one month before the start of the academic year. Access to the accounting software detailing actual expenditure against budget is supplied to each budget holder and budget holders are encouraged to keep their own records of orders placed but not paid for.

The budget holder is responsible for the safeguarding of departmental assets and the implementation of effective and secure arrangements for the holding and issuing of stock relating to the department. Formal stock taking procedures are implemented where a stock valuation is required for the year-end accounts.

Requests to carry forward balances from individual budget areas must be approved by the CEO or the CFOO and will only be agreed in exceptional circumstances.

Budgets can be frozen or amended at any time should it be required for operational reasons as defined by the Headteacher, CFOO or CEO.

22. Petty cash

Petty cash is used for the purchase of minor items, which have been budgeted for and all reimbursements will be made via BACS.

23. Income

23.1. Introduction

The Trust board has overall responsibility for ensuring that all income due to the Trust is properly accounted for. Day-to-day responsibility for this is delegated to the CFOO. Income, including valuations for donated services and gifts in kind, is accounted for in accordance with the requirements set out in the Academy Trust Handbook.

The CFOO is responsible for ensuring income is designated to the correct fund and budget area. The CFOO provides updates on fund balances to the finance committee at each of their meetings.

Receipts are given for all amounts of non-grant income. All amounts received are banked intact and accounted for in full. Cash receipts are not retained and used for any other purpose.

In instances where facilities or services are provided by the Trust, the Trust board will ensure at least the full cost is recovered through the fee. Fees chargeable are reviewed annually by the finance committee.

The provision of services, such as private consultancy or other paid work or training outside of the employment contract with the Trust, is not permitted without the consent of the CEO in the case of members of staff and by the chair of governors in the case of the CEO. Requests for approval must be submitted and authorised in writing. All fees receivable are invoiced by the Trust and paid in full into the Trust's bank account.

Any bids for funding from external sources are submitted only with the knowledge and consent of the CEO.

23.2. Cash banking

The following banking procedures apply:

- All controlled (numbered) stationery, including banking bags, paying-in books, cheque books etc, is held securely and numbered items are used consecutively. If any item of numbered stationery is not used for any reason, the item is retained on file, together with an explanation as to why it was not used. There should be no item for which there is no account.
- Visits to the bank are made by two people.
- For cash collections in relation to the catering provision, sports hall and any other Trust activities:
 - The Trust ensures an appropriate till facility is in place, that receipts are issued and that cashing-up and reconciliation procedures are carried out daily.
 - The total sum passed to the relevant school finance office for banking is accompanied by the appropriate paperwork detailing the amount and details of the source of income, supported by names or receipts.
 - The total sum passed to the relevant school finance office is checked immediately and verified against the accompanying paperwork.
 - A receipt for the cash and cheques handed to the relevant school finance office is provided immediately.
 - Any discrepancies between the amount received and the details included in the paperwork are highlighted, queried and resolved immediately.
 - Income is brought to the relevant school finance office on a daily basis.
- These procedures also apply to miscellaneous cash collections from within the Trust, for example, school trips, resit examinations and staff events. In addition, a separate record of the various collections, supported by documentation, is held for each event/activity.
- Cash and cheques received by the relevant school finance office and their accompanying stationery are transferred to the safe immediately, and not held elsewhere.
- The banking bag and accompanying forms are prepared as soon as possible, and at least on a daily basis. This includes the completion of a numbered paying-in slip which is not detachable from its book and which reconciles with the receipt issued. The name of the person who has prepared the banking is included on the slip.

- Cheques and cash received for the same event/activity are accounted for on the same paying-in slip and within the same banking bag, i.e. not separated. Bank paying-in slips show the split of cash and cheques and reference cheques to the related debt. Cheques are identifiable by reference to the receipt numbers and names of the drawers and cash by reference to receipt numbers.
- The member of staff who has prepared the banking bag and accompanying stationery enters the amount on the accounting software on that same day. This entry matches the receipt issued.
- Visits to the bank for the purposes of paying in cash and cheques are kept to a minimum for security reasons because the Trust arranges cash collections through a courier.
- Where unusually high levels of cash are received, these are banked on the day of receipt.
- Where visits to the bank are necessary, banking is carried out, normally by the same person, accompanied by an independent member of staff who does not work in the finance office. The following procedures apply:
 - The member of staff who delivers the income to the bank signs the stub of the paying-in book, by way of a record of the visit, and a dated bank stamp is obtained.
 - Under no circumstances is the bank sheet used as a method of paying in.
 - In no circumstances do cash holdings on the Trust premises exceed the insured limit.
 - The transaction is reconciled to the accounting system upon receipt of the bank statement and verified against the paying-in book and original receipt.
- The school gives due consideration to the separation of duties in relation to banking procedures.

23.3. Postal receipts

All incoming cheques and cash are recorded immediately and entries verified by someone other than the person who has made the entry.

23.4. Fund-raising events

Records are maintained for each fund-raising event, in sufficient detail to identify gross receipts and how they have arisen, and all costs incurred.

For all events for which there is ticket income or gate money, reasonableness checks are carried out to ensure the takings equate to the number of tickets issued multiplied by the price per ticket.

Similar records are maintained for sponsored events.

23.5. Letting of Trust facilities

All lettings are subject to a letting agreement, setting out the terms and conditions of the Trust letting, including the agreed charge. Each school will operate its own policy. The Trust board, on the recommendation of the finance committee, approves letting rates on an annual basis. Free use and charges below economic cost are not permitted.

- All hiring of Trust equipment and facilities is recorded on the letting planner kept by the facilities manager and in a lettings diary.
- The lettings diary and the letting planner are reviewed by the finance manager on a monthly basis to ensure that all lettings have been invoiced.
- When a letting is booked, the hirer completes a hire form.
- The finance office generates sales invoices from the computer.
- All monies are subject to receipt in accordance with the terms of the Trust's debt collection policy.
- The Trust ensures that relevant insurance is in place for each letting.

23.6. Trust trips

Letters are sent to parents requesting payment for voluntary contributions.

All monies received for trips are paid to the relevant school finance office via the relevant online payment system. The relevant school finance office is responsible for keeping adequate records of income and expenditure on a class list.

The relevant school finance office prepares a final income and expenditure account for each trip which has taken place and reports these to the school board. The school board ensures that money collected and expended for each trip is in accordance with the Trust's charging policy.

23.7. Donations and gifts

The CFOO maintains a detailed record of all donations or gifts made to the Trust and ensures these are used in accordance with the purposes specified by the donors.

23.8. Online payment system

The Trust makes provision for parents to make secure payment for certain activities online. Parental access is via the use of a secure password and the provision of an electronic receipt is available to the parent following payment.

Records from the online payment system are generated to support the process of monitoring and reconciliations and these are retained for a period of six years.

Bad debts

All credit arrangements are approved by the finance committee.

The CFOO is responsible for ensuring the regular raising and payment of invoices and that VAT is correctly accounted for where it applies.

The Trust chases all money due to it, which has not been paid within 30 days of an invoice being issued, by telephone and letter, depending on how much time has elapsed since the money was due to be paid.

The CFOO reviews the debtors account on a monthly basis and takes any action necessary in relation to overdue debts. Outstanding debts are reported to the finance committee at each of their meetings.

Writing off bad debts

The writing off of bad debts will only be considered after all avenues for recovery of the debt have been explored and following careful consideration.

The Trust board recognises the delegated limits included in the Academy Trust Handbook and seeks approval in any situation where the proposed sum to be written off is in excess of the limits stated.

24. Bank and cash

24.1. Bank facilities

The Trust board is responsible for the appointment of the Trust's bankers and only the Trust board can authorise the opening or closing of bank accounts.

The Trust does not overdraw its bank account or arrange with its bankers for overdrafts, loans or any other form of credit or deferred purchases. The bank has been informed that the Trust is not allowed to borrow funds and that on no account should it be allowed to become overdrawn. The Trust does not offer any security to the bank. All funds surplus to immediate requirements are invested in accordance with the Trust board's investment policy.

The Trust holds separate bank accounts for public and private funds, and public and private funds are separately accounted for.

All BACS payments from the bank accounts require two authorised cheque signatories. There are thirteen cheque signatories, who are all senior members of school staff or members of the executive leadership team. The CFOO maintains an approved list of signatories (including specimen signatures). Cheques are not pre-signed.

The operation of systems such as bankers' automatic clearing system (BACS) and other means of electronic transfer of funds are subject to the same level of authorisation and control.

24.2. Bank reconciliations

All bank accounts are reconciled on a monthly basis by the school finance manager. The CFOO reviews all reconciliations, signing them as evidence of review.

24.3. Charge cards

The following procedures apply for the use of the Trust's charge cards (including fuel cards):

- The Trust's charge cards are only used for specific Trust purchases and must not be used for personal expenditure. The school finance lead cards will remain in secure storage in the relevant school and the chief finance officer will retain their card on their person with due regard to its security, reporting if the card is lost or stolen immediately.
- The purchases are within the funds allocated to the budget holder.
- Authorised users are approved by the Trust board. They are the finance lead in each school (£5,000 limit per card) and the CFOO (£15,000 limit).
- The cards may not be loaned to another person.
- The expenses are posted to the relevant accounts.
- Purchase invoices and requisition forms are checked by the relevant school finance manager against the amounts entered in the accounting system and reconciled with the bank statements and credit card statements.
- The balance on the cards is paid in full each month.

24.4. Cash advances

The CEO and budget holder/CFOO may authorise cash advances in exceptional circumstances where a member of staff will incur expenditure on behalf of the Trust. The member of staff completes a form acknowledging receipt of the money. Receipts and all change are retained by the member of staff and provided to the finance office immediately following return to the Trust.

24.5. General security

Key holders to the safe are authorised by the finance committee and keys to the safe are held securely at all times. Any loss of a key to the safe or the relevant school finance office is reported to the CFOO immediately.

25. Capital projects

In circumstances where capital projects are undertaken by the Trust, the Trust board will give consideration as to how these can be best managed within the resources available. Separate project budget monitoring and reporting will be carried out in relation to designated capital projects.

The board of Trustees ensures they are aware of and are applying the following guidance relevant to estates safety and management:

- Advice, standards and tools for academy Trusts at Good Estate Management for Schools, including guidance on an estates strategy and asset management plan, and the estate management competency framework for standards on the skills and knowledge needed for individuals at all levels.
- The Condition Data Collection (CDC) process which helps DfE understand the condition of government funded schools across England for the purposes of targeting funding where it is needed most.
- Reinforced Autoclaved Aerated Concrete (RAAC) guidance. RAAC is a weaker form of concrete used in floors, walls, and roofs of buildings constructed or modified between the 1950s and mid-1990s and could pose a particular risk.
- School Capital Funding guidance, who it's for, current and past allocations, how it's calculated and spending guidance.
- Condition Improvement Fund including links to terms and conditions.

Further information and guidance is available from The Trust Network, which is run by Trusts for Trusts to help its members develop effective, efficient, and economically sustainable estates and safety management.

26. Fixed assets

26.1. Asset register

The facilities manager and IT manager maintain the asset registers. The Trust includes details of all assets with a cost greater than £1,000, and 'attractive' items below that value, in the asset register. The register records:

- Asset description.
- Asset number.
- Serial number.

- Date of acquisition.
- Asset cost.
- Source of funding.
- Expected useful economic life.
- Depreciation.
- Current net book value.
- Location.
- Name of member of staff responsible for the asset.

Items used by the Trust but owned by others are included, with a note of ownership. Leased items are identified as such with the termination date of the lease.

The CFOO checks that the asset register has been checked to assets in the Trust annually. Any discrepancies are investigated and reported to the CEO who informs the Trust board of the loss and any known reason for this. The insurers are notified as appropriate.

Any assets removed from the Trust site for Trust purposes are recorded in a loan book. Assets owned or leased by the Trust will not be loaned for personal use.

The length of time the asset will be off site is recorded together with the appropriate authority. The appropriate authority is the CFOO. The finance office checks that assets will be insured before they are removed from the Trust. No assets are removed from the Trust for a period of time which would unreasonably deny the Trust use of those assets.

26.2. Disposal of assets

Disposal of land, buildings and heritage assets is carried out in accordance with the requirements of the Trust's funding agreement and approval is sought from the ESFA.

All disposals and write-offs of assets, other than land, buildings and heritage assets, are authorised by the CEO if their value is less than £1,000. The disposal or write-off of assets over this value is authorised by the Trust board. Disposals must attract the best price possible and all items no longer required, and with an estimated residual value exceeding £500, are sold.

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

- The item disposed of.
- The date of disposal.
- The method of disposal.
- The proceeds of sale or how disposed of if scrapped.
- The person authorising the disposal.

No item is leased or hired to a third party without the approval of the CEO or Trust board in accordance with the values stated above for the authorisation of the sale of assets.

26.3. Losses

All losses are reported to the CFOO who informs the police if the loss is a result of burglary or theft and the insurance company is informed at the same time. Action is taken immediately to

prevent further loss. The CFOO maintains a record of losses and insurance monies received. The Trust board is informed of all losses.

27. Leasing

The Trust board is responsible for approving all operating leasing and hiring arrangements.

No leased item is disposed of without the express permission of the leasing company. This includes sale, part exchange, scrapping, writing-off, donating, re-leasing, subletting or any other form of disposal.

The Trust board seeks the ESFA's approval for any arrangement to enter into a finance lease, to take up or grant a tenancy or leasehold of a building of any value.

28. Investments

All investment decisions are made in accordance with the requirements of the Academy Trust Handbook and the Charity Commission's guidance.

The Trust has the following investment policy which is reviewed annually as part of this policy.

- The board of Trustees may invest to further the Trust's charitable aims, but must ensure that investment risk is properly managed. The Trust will only invest funds in risk free and accessible deposit accounts. Funds will generally not be placed on long term deposit (over 3 months).
- The Trust will always seek to avoid its current account going overdrawn and will make use of a sweep facility to maximise the rate of interest that can be earned on current account funds.
- The Trust will identify funds surplus to immediate cash requirements and transfer to special deposit accounts bearing a higher interest rates.
- The Trust will periodically (at least annually) review interest rates and compare with other investment opportunities.
- Any change in Policy requires the approval of the finance committee.
- When considering making an investment, the board of Trustees must:
 - Act within their powers to invest as set out in their articles of association.
 - Have an investment policy to manage, control and track their financial exposure, and ensure value for money particularly if using unfamiliar investment techniques.
 - Exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser.
 - Ensure that security takes precedence over revenue maximisation.
 - Ensure that all investment decisions are in the best interests of the Trust and command broad public support.
 - Review the Trust's investments and investment policy regularly.

29. Freedoms and delegations and transactions requiring ESFA consent

29.1. Novel, contentious and repercussive transactions

Novel payments or other transactions are those of which 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 Parliament, and/or the public, and/or the media. Repercussive transactions are those which are likely to cause pressure on other Trusts to take a similar approach and hence have wider financial implications.

Novel, contentious and/or repercussive transactions must always be referred to ESFA for explicit prior authorisation. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the board chair and/or the accounting officer. The ESFA may also need to refer such transactions to HM Treasury for approval and so Trusts should allow sufficient time for proposals to be considered.

29.2. Borrowing

The Trust must obtain ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

Charge cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues.

The Education Secretary's position is that academy Trusts will only be granted permission for borrowing in exceptional circumstances.

29.3. Write-offs and entering into liabilities

The Trust must obtain the ESFA's prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- Writing-off debts and losses.
- Entering into guarantees, letters of comfort or indemnities which are not in the normal course of business.

The delegated limits, subject to a maximum of £250,000, are:

- 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 Trust that has not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts.
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for any Trust that has submitted timely, unqualified audited accounts for the previous two financial years.

In relation to these limits:

- 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. In practice, however, there will be both practical and legal limits as to how cases should be handled.
- The Trust should only consider writing-off losses after careful appraisal of the facts, including whether all reasonable action has been taken to effect recovery from the debtor, the Trust's insurers, or the risk protection arrangements, and should be satisfied that there is no feasible alternative.
- The amounts for write-offs are before any successful claims from an insurer or the risk protection arrangements.
- Total annual income is defined as grant income as disclosed in the Trust's last set of audited accounts. The ESFA should be contacted if the Trust has not yet published their first set of audited accounts.

Before accepting any liabilities for the following, the Trust should secure value for money by appraising the proposal through an assessment of the costs and benefits of relevant options. The liabilities are:

- Issuing guarantees.
- Providing a letter of comfort.
- Providing indemnities.

29.4. Indemnities

In any contract, an indemnity is a clause under which one party promises to protect the receiving party against loss, by paying money on the happening of a specified event. Effectively indemnities are used to allocate risk within agreements between the parties entering it.

Academy Trusts do not require prior approval to enter into contractual indemnities that would be considered part of the normal course of business.

For academy Trusts, the ESFA considers these types of contracts to be part of the normal course of business:

- A catering contract that supplies catering services to students and staff.
- A data-sharing agreement that ensures information transfers between organisations.
- An energy contract that supplies electricity/water/gas to the Trust's buildings.
- A commercial IT contract which supports the academy Trust to run business as usual.
- A land transaction contract for the buying or transfer of land to a Trust.

Therefore, the Trust:

- Assesses contracts that contain indemnities to understand whether they are within the normal course of business.
- Maintains a contract register of known indemnity clauses with the necessary assessments.

Trustees should also provide the appropriate oversight and challenge to the Trust to ensure the appropriate assessments and record management is maintained.

Academy Trusts must obtain their own independent legal advice before entering into any contractual agreement and ESFA approval is only needed when indemnities are novel, contentious, or repercussive and is therefore not considered part of the normal course of business.

29.5. Special payments

Special payments are transactions that fall outside a Trust's planned range of activities and may exceed statutory and contractual obligations. They are subject to greater control than other payments and include:

- Staff severance payments.
- Compensation payments.
- Ex gratia payments.

Special staff severance payments

Special staff severance payments are paid to employees, outside of normal statutory or contractual requirements, when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. They are different to ex-gratia payments.

If the Trust is considering making a staff severance payment above the statutory or contractual entitlements, it must consider the following issues before making a binding commitment:

- That the proposed payment is in the interests of the Trust.
- Whether such a payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at employment tribunal. If there is a significant prospect of losing the case, then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the Trust is likely to be successful, then a settlement should not be offered.
- 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 (eg an employment tribunal) is likely to award in the circumstances.

Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal claim because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

The Trust has delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, the ESFA's prior approval must be obtained before the Trust makes any binding offer to staff.

All incidents of this nature must begin with a discussion between the relevant HT & CFOO in first instance with sign off from CEO before going to BoT for final approval.

Academies should demonstrate value for money by applying the same level of scrutiny to a payment under £50,000 as if it were over the £50,000 delegation. The ESFA has produced guidance and a submission template.

Additionally, the Trust must obtain prior ESFA approval before making a staff severance payment where:

- An exit package which includes a special severance payment is at, or above, £100k.
- And/or the employee earns over £150k.

Compensation payments

Compensation payments are made to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property. If the Trust is considering making a compensation payment, it must base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.

The Trust has delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, the ESFA's prior approval must be obtained.

The Trust routinely considers whether particular cases reveal concerns about the effectiveness of internal control systems, and takes any necessary steps to put failings right.

Ex-gratia payments

Ex-gratia payments are another type of transaction that go beyond statutory or contractual cover, or administrative rules. Annex 4.13 of HM Treasury's Managing Public Money provides examples, which include payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

Ex-gratia transactions must always be referred to the ESFA for prior authorisation. HM Treasury approval may also be needed depending on the nature of the transaction. If academies are in any doubt about a proposed transaction, they should seek prior advice from the ESFA.

Acquisition and disposal of fixed assets

Academies must seek and obtain prior written approval from the ESFA for the following transactions:

Acquiring a freehold of land or buildings.

Disposing of a freehold of 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.

Other than land, buildings and heritage assets, academies can dispose of any other fixed asset without the ESFA's prior approval. The Trust ensures that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money.

Appendix A: Summary of Financial Scheme of Delegation

School	Board of Trustees	Finance committee	CEO	CFOO	Headteacher	Notes
Commitment to purchase	None	None	Within agreed budget	Within agreed budget	Within agreed budget	All requisitions to be entered onto Access Finance with supporting quotes/tender documents
Authorisation of invoices	None	> £750,000 per item	Up to £750,000 per item	Up to £500,000 per item	Up to £250,000 per item and within budget	Via Access Finance to confirm goods receipted OR service provided satisfactorily. All invoices processed at school level
Virements	Delegated to the finance committee	£30,000+	£10,000 - £29,999	Up to £10,000	Up to £10,000	
Budget approval	Full BoT approval	Detailed review by the finance committee with a recommendation that the budget should be approved by the full BoT.	Presentation to finance committee	Preparation of budget with executive leadership team	None	
Use of reserves	Full BoT approval			Known reserves investment to be included as part of budget forecast process		Approval can be given by email and then ratified in next available meeting

School	Board of Trustees	Finance committee	CEO	CFOO	Headteacher	Notes
Contract placement	None	Consistent with commitment to purchase	Consistent with commitment to purchase	Consistent with commitment to purchase	None	
Purchase orders	None	None	Within agreed budget	Within agreed budget	Within agreed budget	
Purchase payments	None	None	Within agreed budget	Within agreed budget	Within agreed budget	
Salaries – new employee	Full BoT approval	Reviewed by finance committee with recommendation to full BoT	Authorisation if an existing approved post for central team	None	Authorisation if an existing approved post for relevant school	
Salaries – change in salary rates across the Trust	Full BoT approval	Reviewed by finance committee with recommendation to full BoT	None	None	None	
Salaries – overtime claim	None	None	Within agreed budget	Within agreed budget	Within agreed budget	
Salaries – expense claim	None	£2,501+	Up to £2,500 per claim	Up to £1,000 per claim	Up to £200 per claim	

School	Board of Trustees	Finance committee	CEO	CFOO	Headteacher	Notes
Salaries – monthly payroll run.	None	None	Up to agreed BACs limit and within agreed budget	Up to agreed BACs limit and within agreed budget	Up to agreed BACs limit and within agreed budget	Head of HR will authorise monthly payroll runs once all salaries are reconciled and in month amendments are checked as being appropriately authorised by Headteachers. No-one is to authorise amendments in relation their own salary.
Settlement agreement		Approval in line with the academy Trust handbook				Discussion to take place between HT & CFOO in first instance with sign off from CEO before going to BoT
Write-off of a fixed asset	Trustees notified	Approval in line with the academy Trust handbook	None	None	None	
Write-off of a bad debt	Trustees notified	Approval in line with the academy Trust handbook	None	None	None	