

FINANCE POLICY

Monitoring, Evaluation and Review

Effective for all schools within The Mead Educational Trust, the Teaching School Hub, the SCITT and all other activities under the control of the Trust and reporting to the Trust Board.

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This Finance Policy is updated annually when the new Academy Trust Handbook is normally published with an effective date from 1 September.

Version	Date	Author	Reason for Change
V1.0	17.08.2015	DWY/SCA	Review of policy to reflect conversion to MAT
V2.0	21.09.2015	DWY/SCA	Review of roles
V3.0	24.09.2015	DWY/SCA	Amendment of Framework section, further ensuring business continuity.
V4.0	11.03.2016	DWY/CJO	Amendments to policy following meeting with Clear and Lane. Removal of Whistleblowing Policy. making Whistleblowing Policy a standalone document.
V5.0	22/08/2016	DWY	Policy update following release of AFH 2016. update of Procurement Policy. amendment of job titles. Revision of Charging and Remissions Policy.
V6.0	September 2017	DWY	New sections such as 'Forward' and extensive changes based on actual experience of operating as a Trust for almost two years

V7.0	September 2018	DWY	Change name and logo for the Trust Updated in line with AFH 2018 Removal of responsibilities for Deputy Chief Executive Officer (DCEO) Income section (P12) includes new funding formula Review of Virement Policy (P14) Improved definitions in the quotations section (P19/20) Improved definitions in the routine purchasing section (P24) Minor other changes
V8.0	September 2019	DWY	Updated in line with AFH2019

V9.0	January 2021	DWY	Updated in line with AFH2020. Removal of Charging and Remission Policy and Procurement Policy to be standalone documents.
V10.0	September 2021	DWY	Updated in line with ATH2021 Minor name changes Recognises the alternative arrangements that may be necessary in the event of disruptions caused by Covid or similar events Academy Council approval removed from all aspects of financial control and management
V11.0	October 2022	DWY	Updated in line with ATH2022 Added 3.11 – deleted in error last year Deleted 4.1 – now a separate policy (Gifts) Deleted 5 - now a separate policy (Investments and Returns) Deleted 6 – Now a separate policy (Charging and Remissions) Added 11.4 Summary of freedoms and delegations (extract from ATH2022) Deleted 16 – Now a separate policy (Fixed Assets)

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Within this policy there may be references to Principals or School Principals. Where these designations are seen it is understood that the lead manager for both the Teaching School Hub and SCITT are equally accountable.

Within this policy there may be references to Business Manager/Academy Manager(s). Where this designation is seen it is understood that the financial lead for both the Teaching School Hub and SCITT are equally accountable.

Within this policy there may be references to an Academy or Academies in all instances please equally read as School or Schools.

In respect of all academies there may be references to tasks performed by Business Manager/Academy Managers, in cases where any location also employs an Office Manager these tasks can be shared.

EXCEPTIONS TO NORMAL PRACTICE

Unforeseen events such as the effects of Covid-19 may impact on the availability of key staff and the authorisations set out in this policy. In these exceptional circumstances the Trust will take emergency action to ensure continuity of education. Examples could include approval of orders etc by a deputy principal or the Business/Academy Manager. Additionally, the Chief Financial Officer can substitute for any other first line approver at any location.

In these difficult working circumstances, especially with prolonged staff absence or working from home approval will be accepted in other forms other than the actual signature. This may for example be approval by email.

Additionally, during such exceptional events it may be necessary to set aside the prescribed levels of validation, number of quotations, tender process etc in order to ensure the immediate supply of goods or services. In these circumstances, the Chief Financial Officer will still ensure that the Trust is not put at any financial risk and that value for money remains a key factor.

DELEGATED AUTHORITY

This policy sets a standard expectation for approval of all documents. Individual schools may choose to delegate some of these expectations to other members of staff. In these cases, the school must complete and maintain the accuracy of a local scheme of delegation that must be approved by the principal. Where this documentation exists, it supersedes the standard expectation in this policy

1 FOREWORD

The Academy Financial Handbook is a key document that sets out the financial framework for academy trusts reflecting their status as companies, charities and public bodies. It balances requirements for effective financial governance and management of funds, with the freedoms needed over their day-to-day business.

Compliance with the handbook is a requirement in trusts' funding agreements with the Secretary of State and we recommend that you take the time to review the updates.

The key changes are in the 2022-23 version of the Handbook are:

- **Financial Reporting:** Confirming withdrawal of the Budget Forecast Return Outturn [paragraph [2.15](#)].
- **Special Payments:** Clarifying in paragraph [5.12](#) that **prior approval of staff severance payments** in accordance with HM Treasury's Guidance on Public Sector Exit Payments applies **only to 'special' (non-statutory/non-contractual) payments**.
- **Indemnities:** Confirming that trusts will be able to enter into indemnities which are in the **normal course of business** without seeking approval [paragraph [5.19](#)].
- **Religious Character:** Extending the scope of paragraph [5.57](#) from dioceses to all religious authorities, confirming when the 'at cost' requirement is met.

In the handbook:

- 'must' – identifies requirements. A list is at part 8
- 'should' – identifies minimum good practice which trusts should apply unless they can demonstrate that an alternative approach better suits their circumstances.

In the foreword to the handbook, Baroness Barran writes.

The past two years have been amongst the most challenging that any of us working in education can remember. While the priority has rightly been on the provision of education, the importance of strong financial management and governance for trusts has also been of critical importance. I would like to thank all of you involved in the leadership and governance of trusts for your strong management during this period. Your skills will be ever more critical as we face the pressures of inflation in the months ahead.

Looking forward, for everyone who is passionate about education, this is a uniquely critical period as we help our children and young people recover lost learning as a result of the pandemic and rebuild their confidence in the importance of school based learning. Our vision for schools is to help our young people to fulfil their potential, with excellent teaching, high standards of curriculum and a stronger school system.

Academies remain at the heart of this system and our priority is to grow strong trusts so that all schools can benefit from the support they can provide and improve outcomes for children.

Excellent financial management and governance are essential facilitators of these aspirations for education. But it is important that we continually review the financial and governance framework to ensure it remains both effective and proportionate. For this year, we are making a small number of changes to ensure trusts continue to enjoy the right level of day-to-day autonomy which are summarised on page 8 of the handbook.

I do hope you find this updated edition a valuable tool over the coming year. I know that it has been produced as a collaborative effort with the sector, and I would like to thank those of you who have contributed to its development, especially the members of our working group. We will continue to rely on your insight as the regulatory framework evolves.

2 PURPOSE AND SCOPE

This policy has been adopted by The Mead Educational Trust (the Trust)'s Board of Directors, as the basis for the administration and management of finances. The aim of the policy is to create a framework within which individual members of staff, Board Members, and other interested parties, can exercise financial management, probity, and stewardship in an efficient and effective way.

This policy ensures that the Board of Directors retains responsibility for the management of the budget, whilst providing a framework within which the Chief Executive Officer (CEO) can manage the budget on a day-to-day basis. It is essential that all parties are aware of their roles in the financial management of the Trust.

This policy is in addition to the requirements of the Academy Trust Handbook as updated annually by the ESFA. All Trust Members, Trustees, Executive Team, Principals, School Councils, finance team members and key budget holders with authority over use of funds are required to read the Academy Trust Handbook at least annually after its update and to be familiar with its contents, which have the force of law for the Trust. In the event of any conflict between this policy and the Academy Trust Handbook, it is the Academy Trust Handbook that must be adhered to and this policy must be updated to bring it into line. The purpose of this policy and associated procedures is to ensure that The Mead Educational Trust (TMET), maintains systems of financial control which conform to the requirements of propriety and of good financial management. Academy Trusts are companies limited by guarantee and, under the terms of the Academies Act 2010, exempt charities.

This policy is supplemented by other specific finance related policies which ensure delivery of these principles. These include:

- Expenses policy
- Anti-fraud, bribery, and corruption policy
- Reserves policy
- Investment and cash management policy
- Gifts and hospitality policy
- Fixed assets policy
- Procurement and competitive tendering policy

This policy applies to the Trust, including all TMET schools, the Teaching School Hub, the SCITT and any other activities under the ultimate control of the Trust Board and adherence to its principles and procedures is mandatory for all Trustees, School Councillors, and staff.

3 ORGANISATION and RESPONSIBILITIES

The Mead Educational Trust and the Board of Directors have a collective responsibility for the overall direction of the Trust and its strategic management and have a responsibility not only to be effective but to be seen to be effective.

The Board of Directors will manage and administer its affairs in accordance with high standards of Public Sector administration, based on a distinct set of values, the fundamental principles of which are: -

- **Openness** – Board Members should be as open as possible about all decisions and actions that they take. They should give reasons for their decision and restrict information only when the wider public interests clearly demand.
- **Integrity** – Board Members should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance or their official duties.
- **Accountability** – Board members are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Selflessness** – Board Members should act solely in the public interest and not in a way that is likely to confer financial benefits, preferential treatment, or other advantage, on others.
- **Objectivity**– In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, decisions will be made on merit.
- **Honesty** – Board of Directors have a duty to declare any private interest relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.
- **Leadership**– those in leadership should promote and support the above principles by leadership and example, always acting in such a way to preserve public confidence in the Board of Directors.

Board Members and Trust Management will have regard to: -

- The Education Funding Authority (EFA) Academies Financial Handbook
- Minimum standards of financial management as set out in the DfE/Master Funding Agreement, including Financial Regulations and Contract Standing Orders.
- Advice and guidance relating to the financial performance of TRUSTs arising from the work of Ofsted, internal audit and external audit providers, and other interested parties.

The Trust believes that staff should be able to raise concerns properly, in confidence and without prejudice to their personal position. Where appropriate, this will include an opportunity to raise concerns outside the line management structure, in accordance with the TRUST's **Whistleblowing Policy**.

3.1 The Trust has defined the responsibilities of each function and person involved in the financial administration of the Trust to provide a framework of accountability in accordance with the Scheme of Delegation.

3.2 The Board of Trustees

The Board of Trustees has wide responsibilities defined under statute, regulations, and the Trust Funding Agreement. These are set out in the role of the Trust and its governance arrangements. These include:

- Agreeing the long-term financial objectives of the Trust.
- Being familiar with the contents of the Academy Trust Handbook to a sufficient degree to ensure full compliance.
- Ensuring that Grants from the DfE are used only for the purposes intended.
- Delegating day-to-day financial management of the Trust to the Chief Executive Officer (CEO).
- Approval of the annual budgets and any material changes.
- Receiving reports on the expenditure against budget.
- Making decisions on actual financial requests from ACs and committees.
- Appointment of external auditors.

- Appointment of internal auditors.
- Reviewing the reports of auditors.
- Authorising contracts according to approved limits.
- Approval of the annual accounts.
- Designating in writing its Accounting Officer, being the chief executive or executive principal of the Trust
- Appointment of the Chief Executive Officer, Principals and the Chief Financial Officer
- Agreeing the membership of the school councils, Finance Committee and Audit and Risk

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Committee annually including the chairperson.

- Reviewing annually the Finance Policy, other associated policies and Scheme of Delegation.
- Reviewing annually the terms of reference of the Finance and Audit and Risk Committees.
- Approval of any companies, subsidiaries or joint ventures.

The Academy Trust Handbook clarifies that the Trust must not have de facto trustees (as defined in appendix 1 of the Charities SORP2015) or shadow directors (as defined in section 251(1) of the Companies Act 2006)

3.3 Finance Committee

3.3.1 The Finance Committee will meet at least termly. Additional meetings will be held as and when required.

3.3.2 It is appointed by the Trust and provides Trustees with an independent oversight of the Trust's financial affairs.

3.3.3 The responsibilities include:

- Recommendation to the Trust Board to approve the annual budget plan in ESFA format, with supporting detail sufficient for detailed monitoring of each area of activity.
- Keeping under review the actual financial performance compared with the annual budget plan and the remedial actions taken.
- Reviewing the insurance schemes.
- Oversight of financial risks to the Trust.
- Ensuring that all aspects of the Academy Trust Handbook are adhered to within the Trust.

3.4 Audit and Risk Committee

3.4.1 The Audit and Risk Committee will meet at least termly. Additional meetings will be held as and when required.

3.4.2 It is appointed by the Trust and provides Trustees with an independent oversight of the Trust's financial affairs.

3.4.3 The responsibilities include:

- Overseeing and approving the Trust's programme of internal scrutiny.
- Ensuring that risks are being addressed appropriately through internal scrutiny.
- Receiving and commenting on the audit reports prior to further consideration by the Board of Trustees.

- Detailed consideration of Internal Audit Reports, annual statutory financial statements, annual statutory audit, the Appendix of Weakness (and the Trust's responses to it), the Teachers' Pension Scheme audit and any other reports to government or funding bodies. N/B subject to ongoing review.
- Reporting to the Board on the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks.

TMET operates with a separate Remuneration Committee

3.5 The Academy Trust Handbook notes that: 'staff employed by the trust should not be members of an audit committee but may attend to provide information and participate in discussions'.

Internal Audit

3.5.1 The Internal Auditors are appointed by the Board of Trustees (through the Audit and Risk Committee). The main responsibilities of the Internal Auditors are to provide the Trustees with independent assurance that.

- The financial responsibilities of the Board are being properly discharged.
- Resources are being managed in an efficient, economical and effective manner.
- Sound systems of internal financial control are being maintained.
- Financial considerations are fully taken into account when reaching decisions.
- The risk of fraud or financial irregularity is reduced through a proportionate internal control environment ("first line of defence") and effective management oversight ("second line of defence").
- Providing a report of the findings to the Audit and Risk Committee.

3.6 External Audit

3.6.1 The External Auditors are appointed by the Board of the Trust (through the Audit and Risk Committee). The main responsibilities of the External Auditors are to provide the Trustees with independent professional assurance that.

- The financial responsibilities of the Board are being properly discharged.
- Resources are being managed in an efficient, economical and effective manner.
- Sound systems of internal financial control are being maintained.
- Financial considerations are fully taken into account when reaching decisions.
- To provide the Board with the Annual Account and Appendix of Weakness for submission to Companies House
- To provide professional support and advice
- To support the completion of VAT returns
- To support the preparation of mid-year accounts where required

3.7 The Chief Executive Officer

3.7.1 The CEO/Accounting Officer has overall executive responsibility for all the Trust's financial activities. Much of the financial responsibility has been delegated to the Chief Finance Officer.. The responsibilities are outlined in the Academies Financial Handbook and include:

- The initial review and authorisation of the budget;
- The regular monitoring of actual expenditure and income against budget;
- Ensuring annual accounts are produced in accordance with the requirements of the ESFA Accounts Direction and the Companies Act 1985;
- Ensuring that the regular reports to the Board are full and accurate;

- Authorising orders, payments and awards of contracts within approval limits;
- Authorising changes to the Academies' personnel.

More detailed guidance on the role of the Accounting Officer is set out in chapter 3 of HM Treasury's Managing Public Money. HM Treasury's handbook, Regularity Propriety and Value for Money describes what the concepts mean in a financial context, it also describes the 'seven principals of public life' which must be adhered to.

3.8 The School Principal/ Teaching School Hub, Hub Director/SCITT Director

3.8.1 The Principal has responsibility for.

- Approving new staff appointments within the individual elements of the Trust, except for those senior posts specifically detailed for the Board of Trustees in section 3.2.
- Approving monthly payroll reports prior to the salary payments.
- Approving the budget prepared by the individual Business Manager/Academy Manager.

3.8.2 The roles and responsibilities for a School Principal may be subject to variation from the above points in some circumstances. For example, a sponsored academy joining TMET may not have all the above delegated authorities. This will be decided on a case by case basis and approved by the CEO.

3.9 Chief Financial Officer

3.9.1 The Chief Financial Officer works in close collaboration with the CEO and is responsible to the Trustees. The main responsibilities of the Chief Financial Officer are:

- The management of the Academies' financial positions at a strategic and operational level.
- The maintenance of effective systems of financial control.
- Maintenance of key financial policies and procedures and responsibility to propose revisions to the Trust Board for formal approval.
- Submitting grant applications, reports and returns to the DfE, ESFA, the Teacher's Pension Agency and HMRC.
- Ensuring that annual accounts are properly presented and adequately supported.
- Overseeing the preparation of monthly consolidated management accounts.

- Authorising orders, payments and the award of contracts within agreed limits.
- Reviewing and signing off all bank reconciliations prepared by the Finance Team on a monthly basis.
- Identification and management of financial risk, along with input to the oversight of nonfinancial risk where there may be a financial consequence.
- Monitoring the monthly budget reports and acting on overspends or risk, escalating to the CEO/Accounting Officer as appropriate.
- Review of the VAT return prepared by the Finance Team/external professional support.

3.10 Management Accountant

3.10.1 The Management Accountant works in close collaboration with the Chief Financial Officer. The main responsibilities of the Management Accountant are:

- Working with the school principals to provide the annual and day-to-day financial support for the school, including budget preparation and subsequent monitoring of all income and expenditure for the nominated academies
- The preparation of monthly management accounts for the nominated academies
- Attending (in person or on-line) meeting with the school principals to discuss the monthly monitoring reports
- Attending (in person or on-line) School Council meetings as requested
- Consolidating the monthly management accounts for all academies in the Trust
- Providing monthly reports to the Finance Committee and the Whole Board through GovernorHub
- In collaboration with the CFO prepare and submit all statutory returns

3.11 Business Manager/Academy Manager or equivalent

3.11.1 The Business Manager/Academy Manager works in close collaboration with the Chief Financial Officer. The main responsibilities of the Business Manager/Academy Manager are.

- The day to day management of financial issues, including budgeting and monitoring of all income and expenditure for the individual school.
- The preparation of monthly management accounts.
- Authorising requisitions and payments within agreed limits.
- Ensuring that all spend processed through purchase orders, non-order invoices, credit card and petty cash is affordable within the budget and where applicable meets all the criteria set out for the levels of evidence (three quotations for example).
- Monthly validation of payroll reports and ensuring these are approved by Principals.

3.11.2 The roles and responsibilities for a Business Manager/Academy Manager may be subject to variation from the above points in some circumstances. For example, a sponsored academy joining TMET may not have all the above delegated authorities. This will be decided on a case by case basis and approved by the CEO.

3.11.3 A number of schools have a role of 'Academy Manager' and their role supports the Management Accountant or CFO in preparing the budget. This role is not involved in the preparation of the monthly management accounts or the reporting to Principals

3.12 School Staff

- Members of the finance team and budget holders have specific financial responsibilities.
- All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conforming to the requirements of the school's financial procedures

4 CONFLICT OF INTEREST

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Members, Trustees, School Councillors and staff with significant financial or spending powers are required to declare any financial or pecuniary interests they, or their 'close family members' as defined by the Academy Trust Handbook, have in companies or individuals irrespective of whether the Trust may buy or sell goods or services with them. N/B in the spirit of being transparent please disclose all conflicts of interest and note whether transactions have taken place with the individual. The register is open to public inspection. Where potential conflicts are declared, there should be a clear process for considering the declaration and recording whether any action needs to be taken to manage the conflict. In most instances this may just involve the School Principal. However, where more sensitive or significant issues arise the declaration may need to be considered by the Trust's Finance Committee.

The requirements of the Academy Trust Handbook with respect to trading with connected parties must be adhered to.

It is important that the Trust, School Councillors and staff not only act impartially, but are also seen to act impartially. The Trust, School Councillors, Committees and school staff have a responsibility to avoid any conflict between their business and personal interests and affairs and those of the trust and academies. There is a legal duty on all School Councillors to declare an interest likely to lead to questions of bias when considering any item of business at a meeting and for the School Councillor concerned to withdraw whilst the matter is considered.

4.1 Register of Business and Pecuniary Interests

To help put this duty into practice, the Trust is required to establish and maintain a register recording individuals' business/pecuniary interests. This should include, where applicable, the company by whom they are employed, directorships, significant shareholdings or other appointments of influence within a business or other organisation which may have dealings with the School/Trust.

The register includes an entry for all of the Trust Members, Trustees, School Councillors, the CEO, the Principals and staff with significant financial or spending powers.

- Individuals should include their own interest and those of any member of their immediate family (including partners) or other individuals known to them who may exert influence.
- The Academy Trust Handbook clarifies "The register must also identify any material interests arising from close family relationships between the academy trust's members or trustees, and relationships between members of the trustees and employees. These relationships include, but are not limited to, a child, partner, spouse or civil partner"
- The register sheet must be signed and dated by the individual and countersigned by the Chair of the Trust/CEO/Chair of the School Council to indicate that he/she has noted any declarations. This approval process should note any occasions where operational practices have been (or are to be) revised in light of the declaration in order to avoid any potential conflict that might otherwise arise.
- The Trust should ensure that the register is up to date and complete. Dated nil returns are also required.
- The forms must be renewed annually.
- Individuals must be made aware of the requirement to inform the Trust immediately should any relevant details change between annual form updates.

- The completed register will be kept up to date by the Trust, but retained in the TMET finance office made available on request to the Trust, Finance Committee, School Councils, Principals, staff, parents, and auditors.
- The form completed by the Chair of the Trust should be countersigned by the CEO. The form completed by the CEO should be countersigned by the Chair of the Trust.

The register enables the Trust to demonstrate that in spending public money individuals do not benefit personally from decisions that they make.

The Academy Trust Handbook clarifies that in the interest of transparency, an academy trust must publish on its website up-to-date details of governance arrangements in a readily accessible format as well as certain details from the register of interests.

4.2 Other staff with financial responsibility

It is also a requirement for all individuals in a position to influence financial decisions within the Trust and academies, to complete a form declaring any business/pecuniary interests. These forms should be countersigned by the CEO and the Principal to indicate that he/she has noted any declarations. Where a staff member is also a School Councillor, their form should be countersigned by the Chair of the School Council who should bring any declared interests to the attention of the Principal.

4.3 Opportunity to declare interests at meetings

There is a standing agenda item at every meeting (including committee meetings) called “Declaration of Pecuniary Interest” to allow the Trust and School Councillors the opportunity to declare ANY interests relating to items on the agenda.

In any instances of doubt, the prudent approach would be to make a declaration.

5 INVESTMENTS AND RESERVES

A separate and more detailed Investments and Reserves Policy is available.

6 CHARGING AND REMISSION

A separate and more detailed Charging and Remissions Policy is available.

7 INCOME

In many respects Academies are funded on the same basis as maintained schools and receive annual funding allocations from the ESFA.

- All schools and academies receive most of their funding based on the total number of students. Student numbers are derived annually from the October school census (of the previous year) or the estimated school numbers, in the case of new academies, as stipulated in the funding agreement.
- Academies are funded through the Education and Skills Funding Agency (ESFA). They receive the same amount of money as the Local Authority (LA) schools in the area. This is calculated using an LA formula. The LA agrees the funding formula factors in consultation with the Schools Forum. It incorporates student-led factors such as basic entitlement, deprivation, prior attainment, mobility rates and English as an additional language (EAL). These factors are combined with others based on

the institution, such as a lump sum for premises costs. This core budget and is the general annual grant (GAG).

- The notional Special Educational Needs (SEN) budget for academies is also worked out the same way as for local schools and is received directly from The LA. The formula usually gives more money to schools that have more students on free school meals and those that are not doing so well with English and Mathematics. It is recommended that the notional SEN budget is used to pay for up to £6,000 worth of provision to meet students' SEN. If it can be shown that a student with SEN needs more than £6,000 worth of special educational needs provision, the LA will consider providing top up funding to meet these needs.
- The ESFA provides funding for Academies from September to August, in line with the academic year.
- Capital and pupil premium allocations are paid outside the GAG but directly from the ESFA. The pupil premium is additional funding given to publicly funded schools and academies in England to raise the attainment of disadvantaged students and close the gap between them and their peers.

As part of the reconciliation procedures, the Chief Financial Officer will ensure that the expected allocations to the Bank Account are made on time by the ESFA, and all other relevant agencies.

The Chief Financial Officer is responsible for ensuring that all other allocations of money due to the Trust are made on time by the ESFA and all other relevant agencies.

7.1 Cash and Cheque Management

Although cash and cheque collection is now kept to a minimum (on-line cashless systems are now available in all schools) the following procedures apply when it is unavoidable:

- All income received should be recorded immediately and a receipt issued if requested
- All income shall be acknowledged by the collector to the payer, this will be by a system generated receipt. A receipt should always be issued for income in accordance with the scheme of delegation.
- When a receipt is issued a copy will be given to the payer and the duplicate copy kept at the school.
- All monies received must be retained securely, i.e. within insurance limits, and banked intact as soon as is practicable.
- All cheques banked must be entered on the bank paying-in slip and recorded in PS Financials (see below).
- For normal day-to-day transactions, the Business Manager/Academy Manager will be responsible for receiving income and banking of income.
- The Chief Financial Officer shall periodically check that all the monies due to the academies have been collected and banked.

Personal cheques will not be cashed from money received and due to the Trust.

The Trust has not raised any cheques to make payments to suppliers for more than two years

8 FINANCIAL PLANNING AND REVIEW

- 8.1 In preparation for the July budget submission to the ESFA the Trust and each school will produce a budget for the following financial year from March onwards. The plans will be prepared having regard to all known needs of the Trust, the School Improvement Plans and the Asset Management Plan.

- 8.2 To encourage the consistent development of these budgets all academies use a single budget software package (Orovia)
- 8.3 The Trust is working with the budget software provider to improve the future year forecasting as the flexibility to recognise change in areas such as inflation for income, payroll and expenditure require improvement
- 8.4 At the individual school level, the Business Manager/Academy Manager or Management Accountant is responsible for working with the Principal to draft these. The Business Manager/Academy Manager, Management Accountant and Principal are responsible for sharing these plans with the local governance of the school. This reporting to the School Council is for information only, the School Councils do not approve the budget
- 8.5 The Trust appointed a Management Accountant in February 2021 who has taken the financial responsibility for at least four of the secondary schools (Brook Mead, Castle Mead, Orchard Mead and Rushey Mead)
- 8.6 There may be instances, a sponsored academy for example, where the local council do not have any powers to set budgets. In these instances, the budget will be approved by the Trust Finance Committee
- 8.7 The Chief Financial Officer/Management Accountant will consolidate the agreed plans for each of the individual academies and add to these the budget details for the Central Trust Operation, Teaching School Hub and SCITT to produce a full Trust budget plan
- 8.8 The Chief Financial Officer is responsible for establishing a schedule which allows sufficient time for the approval process (Finance committee and Board of Trustees) to ensure that the submission date to the ESFA for the resulting annual budgets is met. Submission to the ESFA only takes place at whole Trust level, the individual academies do not report as separate entities.
- 8.9 The ESFA Financial calendar details all the submission dates required and the Chief Financial Officer/Management Accountant captures these, together with trust specific deadlines to provide the Business Manager/Academy Managers and Principals with a detailed Operational Calendar
- 8.10 The annual budgets will reflect the best estimate of the Management Accountant, Business Manager/Academy Managers and Principals of the resources available to the Trust and Academies for the forthcoming year and will detail how these resources will be utilised. A balanced in-year budget must be set that captures the full range of income and expenditure for the academic year September through to August. Where this is not possible, the use of balances carried over from the previous year can be utilised, subject to any board approval of the use of reserves beyond the Trusts stated policy (see below).
- 8.11 The budget must be communicated to all staff with responsibility for budget areas (budget holders) so that everyone is aware of the available resources.
- 8.12 The CEO is responsible for ensuring approval of the budget by the Board of Trustees.
- 8.13 At the individual school level, monthly reports will be prepared by the Management Accountant or Business Manager/Academy Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Principal
- 8.14 The Chief Financial Officer/Management Accountant will prepare consolidated reports for the CEO and Trust Board based on the results from the individual academies.
- 8.15 The monitoring process should be effective and timely in highlighting variances so that differences can be investigated and action taken.

9 VIREMENT POLICY

- 9.1 The budget submitted to the ESFA in July each year must remain unaltered in PS Financials in terms of the reported value of the surplus or deficit for both the individual academies and the Trust as a whole.
- 9.2 It is not good practice to constantly tweak the budget to bring every line into a synchronised position with the actual costs and income processed. Differences between the budget and the actual expenditure or income can be extremely helpful and informative, they can show where a school has had success in bringing in additional income or where they have managed to significantly reduce costs.
- 9.3 It is perfectly acceptable that where there is a difference it is explained with a note. As an example, a £5,000 project for refurbishments may have delayed and will now not happen in the financial year. The Business Manager/Academy Manager and Principal have decided to use that saving to fund improved CDP opportunities. This decision would need to be reported to the Local School Councillors and recorded in minutes on the discussion on the financial performance, but it does not need a virement in the accounts.
- 9.4 In view of the information above, it will not be permitted for the individual academies to process any virements or change their budget in PS Financials.
- 9.5 In order to maintain a budget for local information, Business Manager/Academy Managers will use the scenario planning options on the budget software package (Orovia) that can fully integrate and download data from PS Financials.

10 REQUISITIONS AND QUOTATIONS

The role of the School Council has significantly changed in the past twelve months. There is no longer any financial responsibility at that level to approve any requisitions. Any material provided to the LAC is at the discretion of the Principal and only information purposes only

11.1 The following evidence is expected from each of the individual academies:

Primary School

Threshold	Business Case	Specification	Selection Criteria	Minimum no. of Quotations	Approved by
Call off orders	Not required	Simple instruction	Not required	1 (if appropriate)	BH or BM
Up to £1K	Not required	Simple instruction	Not required	1	PR (BM/BH if locally delegated)
£1K to £5K	Not required	Outline specification	Outline criteria	3	PR (or BM if locally delegated)
£5K to £30K (already in budget)	Required for cash flow checking	Detailed specification	Detailed criteria	3	PR and BM with details to AC at next meeting (for information purposes only) following approval of the Business case

£5K to £30K (not in budget)	Required for approval	Detailed specification	Detailed criteria	3	PR and BM with details to AC at next meeting (for information purposes only) following approval of the Business case
Over £30K	Required for approval	Detailed specification	Detailed criteria	3-5 using tender procedures below	PR and BM with details to AC at next meeting (for information purposes only) following approval of the Business case

Allowing for the turnover for Teaching School Hub and SCITT, they will follow the table above in line with our primary academies

Secondary School

Threshold	Business Case	Specification	Selection Criteria	Minimum no. of Quotations	Approved by
Call off orders	Not required	Simple instruction	Not required	1 (if appropriate)	BH or BM
Up to £1K	Not required	Simple instruction	Not required	1	PR (BM/BH if locally delegated)
£1K to £10K	Not required	Outline specification	Outline criteria	3	PR (or BM if locally delegated)
£10K to £50K (already in budget)	Required for cash flow checking	Detailed specification	Detailed criteria	3	PR and BM with details to AC at next meeting (for information purposes only) following approval of the Business case
£10K to £50K (not in budget)	Required for approval	Detailed specification	Detailed criteria	3	PR and BM with details to AC at next meeting (for information purposes only) following

					approval of the Business case
Over £50K	Required for approval	Detailed specification	Detailed criteria	3-5 using tender procedures below	PR and BM with details to AC at next meeting (for information purposes only) following approval of the Business case

Key:

BH – Budget Holder

BM – Business

Manager/Academy Manager

PR – Principal

AC – School Council

PLEASE NOTE:

- **Differentiation between order values that are already in budget and those that are new spend**
- **Where these costs are already in budget (and providing the budget is still available and has not already been spent on other costs) then a business case is still a requirement but this is for cash flow information only.**
- **Recognition that the financial role of the AC is limited and that they will no longer be required to ‘approve’ a business case, this formal approval will sit with members of the Executive Team. Details of these business cases will be provided to the AC at the next available meeting**
- **Recognition in the introduction to this policy that there may be exceptional circumstances, the Covid-19 pandemic being a good example, where these levels of approval and requirement to move to a tender may not be practical and possible.**
- **Each school will have a local delegated authority document which details who is responsible for approving expenditure and to what value (in this instance expenditure also includes payments made through credit cards). This document will work hand in hand with the table in section 1.32 and will be kept up to date throughout the year**

The ‘approved by’ section in the above grid has been amended since 2018-19 to clarify that where an order is signed by the Principal, it does not always have to be counter signed by the Business Manager/Academy Manager. It should also be remembered that in many instances, the Principal may be the only budget holder in a primary school. The Principal approval on an order (on its own) is sufficient to evidence full approval and compliance with this policy

The threshold levels may vary depending on the status of the various academies, a sponsored academy for example may have significant lower levels of approval. These levels will be set by the

CEO and CFO and those setting with take precedent over the values in the table above

The differentiation in the levels for primary and secondary academies takes into account a proportional relationship to the total budget available.

The 'threshold' value in the tables above will be based on the whole life cost of the requirement. As an example, if it is a service/contract that relates to a three-year period at £4K a year the whole life cost would be £12K and the requirements for quotations must be based on that value.

There will be exceptions to this guidance, including, utility charges, local authority business rates and supplies/services specific to a single or limited number of providers. If in doubt, the Business Manager/Academy Manager should seek advice from the Chief Financial Officer or Management Accountant.

If for any reason the minimum number of quotations have not been received in accordance with the details specified above, this must be recorded on the purchase order and signed by both the Business Manager/Academy Manager and Principal. Similarly, it is prudent for express approval to be evidenced on occasions where quotations are received but a quote other than the cheapest is subsequently being pursued (i.e. the rationale behind any decision to not take up the cheapest quote).

11.2 Business Cases

- No order or commitment to proceed with work can be made prior to a business case being approved
- All orders over £5K in primary academies and over £10K in secondary academies are subject to the requirement of a business case
- Where the cost is between £5K-£30K in a primary school and £10K-£50K in a secondary school AND the cost is already included in the budget this business case is provided for cash flow information only and will be approved by the Chief Financial Officer
- Where the cost is between £5K-£30K in a primary school and £10K-£50K in a secondary school AND the cost is not part of the approved budget this business case is provided for full approval. The CFO will approve to confirm that it is financially viable, and another appropriate member of the Executive Team will approve from an educational perspective
- Where the cost is over £30K in a primary school and over £50K in a secondary school a Business Case is required to support the tender process
- In all instances the business case and all supporting documentation must adhere to the finance policy and be attached to the purchase order for audit purposes

11.3 Best Value

The Trust is committed to achieving Best Value for Money from all purchases. A large proportion of purchases will be paid for from public funds and must comply with the principles of

- Probity. it must be demonstrable that there is no corruption or private gain involved in the contractual relationships.
- Accountability. public accountability for expenditure and the conduct of its affairs.
- Fairness. that all are dealt with fairly and equitably.

The principles of Best Value are applied to securing continuous improvement and will ensure:

- All services are of a high quality that provide good value for money, meet the needs of their users and contribute positively to the general ethos of the school.

- Resources are deployed to secure the continuous improvement in the means through which the Academies functions are exercised.
- All expenditure is relevant to the School Improvement Plan and is regularly reviewed.
- Due consideration has been given to Post OFSTED Inspection Plans (if applicable) in compiling the school budget.
- All premises/supplies and services’ contracts agreed by the Academies are reviewed periodically and are the most effective, economic and efficient that are.
- The Trust aims to ensure that it is a well-managed organisation that supports and values the contribution made by its workforce.
- The Trust will not enter into any Finance Leases as these agreements technically constitute borrowing which the ESFA does not allow unless approved by the Secretary of State
- Every proposed lease must be approved by the CFO prior to placing any order
- Leasehold or tenancy agreements can only be entered into in line with the limits and permission detailed in the Academy Trust Handbook.
- There may be instances where purchases of core services such as utility charges are regulated as a single supply across a number of different locations.
- The Trust must report on how the school has secured value for money annually in its financial statements.

Appropriate authorisation limits are reviewed annually and approved by the Trust.

Whilst the Trust and its academies will take proportionate measures to seek good prices, e.g. comparative quotations, it is recognised that value-for-money is not simply about cost but is a combination of cost and quality.

11.4 Summary of freedoms and delegations

This summary is not a substitute for the full handbook. Trusts’ delegated authorities are subject to the conditions in section [5.60](#). Trusts under a [notice to improve](#) will have their delegated authorities revoked under section [6.21](#).

Novel, contentious and repercussive	Novel, contentious and repercussive transactions	ESFA agreement required [5.5]
Special payments	Staff severance and compensation	ESFA agreement required if £50,000 or more before tax [5.10] and [5.15]
	Ex gratia payments	ESFA agreement required [5.18]
Write-offs and liabilities (subject to £250,000 ceiling)	Writing-off debts and losses	ESFA consent required if exceeds: <ul style="list-style-type: none"> • 1% of annual income or £45,000 individually; or • 2.5% or 5% of annual income cumulatively [5.19] and [5.20]
	Entering into indemnities (beyond the normal course of business), guarantees or letters of comfort	

Acquisition and disposal of fixed assets	Acquiring freehold land/buildings	ESFA agreement required [5.23]
	Disposing of a freehold on land/buildings	ESFA agreement required [5.23]
	Disposing of heritage assets	ESFA agreement required [5.23]
	Other disposals	Trust has full discretion [5.24]
Leasing	Taking up a finance lease	ESFA agreement required [5.27]
	Taking up a leasehold on land and buildings	ESFA agreement if lease term seven years or more [5.27]
	Taking up any other lease	Trust has full discretion [5.26]
	Granting a lease on land and buildings	ESFA agreement required [5.27]
GAG	GAG carry forward	No limits if trust eligible [5.29]
	Pooling by trusts with multiple academies	No limits (except PFI) if trust eligible [5.30]
Borrowing	Loan, overdraft	ESFA agreement required [5.33]
	Credit cards (for business use)	Trust has full discretion provided charges not incurred [5.33]
Related party transactions	Supplies to the trust from related parties	ESFA agreement required over £20,000 and over associated limits in [5.42]

12 BANK ACCOUNTS

- 12.1 The transfer of business to a new banking provider must be authorised by the Board of Trustees who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing and BACS approval arrangements.
- 12.2 The Trust's bank and/or building society must be informed that the Trust's accounts must never become overdrawn.
- 12.3 Where the cash flow position is such that the bank account might become overdrawn, then the CEO has the authority to request from the ESFA an early advance of the monthly budget allocation. Confirmation that such a request has been made must be notified to the Chief Financial Officer, Trust, Chairperson of the Finance Committee at the next meeting, together with an explanation as to the reasons why and the additional cost to the Trust in terms of interest charged.
- 12.4 Direct Debits will only be made with the authorisation of any two signatories from the Trust's mandate.
- 12.5 For any Direct Debit authorisation over £5,000, then one of the signatories must be the Chief Financial Officer.

13 PAYROLL

13.1 The main elements of the payroll system are:

- Staff appointments.
- Payroll administration and payments

- 13.2 As part of the annual budget process The Board of Trustees will approve a staff establishment for the Trust and Academies.
- 13.3 The CEO and Principal have the authority to appoint staff within their authorised establishment, including supply staff, except for the Principal and the Chief Financial Officer whose appointments must be approved by the Trustees.
- 13.4 The roles and responsibilities for a School Principal may be subject to variation from the above point in some circumstances. For example, a sponsored academy joining TMET may not have all the above delegated authorities. This will be decided on a case by case basis and approved by the CEO
- 13.5 Changes to the staff establishment at an individual school can only be made with the approval of the Principal who must ensure that adequate budgetary provision exists for the proposed change. Staffing changes that are likely to send the budget into an in-year deficit position must be approved by the CEO prior to any offer being made
- 13.6 Changes to the staff establishment within the Central Trust can only be made with the approval of the CEO who must ensure that adequate budgetary provision exists for the proposed change. Staffing changes that are likely to send the budget into an in-year deficit position must be approved by the Trust Board prior to any offer being made
- 13.7 Changes to school staff pay can be recommended by the Principal and approved by the CEO. This approval must be confirmed before any commitments are made in respect of the proposed increase

- 13.8 New appointments, any subsequent amendments to an employee's terms of employment and terminations of employment will be notified to the payroll provider by the local school through the required means.
- 13.9 Staff overtime, and supply claims are verified by the Business Manager/Academy Manager and approved by the Principal.
- 13.10 The monthly payroll must be approved by the Business Manager/Academy Manager prior to salaries payment and after a proportionate review of the accuracy of the charges to the payroll. These payroll reports must also be signed by the Principal to evidence their authorisation to pay
- 13.11 The Business Manager/Academy Manager will ensure that the Staffing spreadsheets are updated to take account of new appointments, amendments, terminations of employment overtime and supply claims. These spreadsheets should provide to the Principal and Local Board with details of the current month position and end of year forecast
- 13.12 Any payroll transaction relating to the Central Trust staff can only be authorised by the CEO or Chief Financial Officer.
- 13.13 The Trust must apply the requirements of the Academy Trust Handbook regarding non-contractual payments if an employee leaves, is made redundant, or is dismissed etc. ESFA permissions must be sought where required.

14 CREDIT CARD, DEBIT CARD and PETTY CASH USE

- 14.1 A limited number of credit cards have been issued. Trust and school credit cards can be used for purchasing online. An order should be raised and entered on the PS Financials system in the usual way. Credit cards should only be held by the authorised card holders and should be retained on the school premises at all times. Monthly statements should be checked by the Business Manager/Academy Manager who should ensure that all documents supporting the payments are available. Further, it is the responsibility of the Business Manager/Academy Manager to ensure that a VAT compliant invoice is received for every applicable transaction
- 14.2 Card transactions will be/can be used in a number of situations, but especially:
- 14.3 'one-off' supplier payments where the time and cost of setting up a new supplier on the PS Financial system are unlikely to provide future benefit
- 14.4 On-line payments such as the purchase of weekly food ingredients from a local store
- 14.5 On-line payment for purchases through organisations such as Amazon that require immediate payment transactions
- 14.6 The card can be used for procuring goods or services from suppliers where there are demonstrable benefits to the use of cheques or BACS payments.
- 14.7 The credit cards are not a shortcut for avoidance of the purchase order routines. Business Manager/Academy Managers must consider the invisible cost of the time involved in investigating online prices compared to placing an order with one of the established suppliers already on the PS Financials system.
- 14.8 The credit card can be used over the phone or secure internet site and all controls that would apply to a normal transaction to be adhered in the usual way.
- 14.9 Every card transaction needs to be authorised by the budget holder before the payment is made. Following authorisation, the transaction is processed by the local school Finance Office Staff

- 14.10 The only debit cards in operation throughout the Trust are held by the Business Manager/Academy Manager/Principal and are used to withdraw cash to replenish the petty cash, a receipt must be taken from the dispensing cash point and signed by the Finance Office This ensures that the cash is received and signed for by somebody other than the colleague using the card.
- 14.11 The Debit Card should be held in the locked safe on the school premises at all times and the Business Manager/Academy Manager will be responsible for its security. The card is taken out of the safe only for the purposes of these cash withdrawals. If the card is lost or stolen the Bank and the CFO to be notified immediately.
- 14.12 The Debit Card can be removed from school premises by either the Business Manager/Academy Manager or the Principal for the purpose of withdrawing cash to replenish the petty cash float
- 14.13 The Debit/Credit card will only be used for business purposes, personal charge are expressly prohibited.
- 14.14 All balance on the Credit Card and paid through the bank by direct debit to ensure that they are cleared BEFORE interest is charged.
- 14.15 The debit card is linked directly to the school main bank account and the withdrawal of cash will have an immediate impact on the balances of that account. The target for 2022-23 is that the balance in this account will be limited to two withdrawals of the agreed petty cash limits. The balances will be replenished following each cash withdrawal. Limiting the balance in this way reduces the risk of cash loss from this account
- 14.16 If there is a problem with the goods or services supplied, the supplier must be contacted immediately for a refund to the card or to obtain replacement.
- 14.17 Credit and Debit card use and limits will be reviewed annually.
- 14.18 The Trust will fall under the central VAT registration and will therefore apply the relevant VAT codes to each financial transaction in accordance with the VAT manual and guidelines.

15 PETTY CASH

- 15.1 Minor items of expenditure can be paid or reimbursed to staff through the school's own petty cash system.
- 15.2 Expenditure paid through petty cash must not exceed £25.00 within a Primary School and £40.00 within a Secondary School in any one transaction. Requests for amounts above this limit can only be authorised by the Principal/Chief Financial Officer.
- 15.3 All payments made must be supported by an appropriate VAT voucher and signed by the member of staff receiving the cash and independently authorised by (names of officers authorised to approve petty cash disbursements). Under no circumstances may an officer authorise a petty cash payment to themselves.
- 15.4 Reimbursements and other payments to staff exceeding £25 will be made by BACS.
- 15.5 All petty cash will be kept in a locked box in the safe and the Business Manager/Academy Manager will be responsible for its security.
- 15.6 The amount of petty cash held in each school must be kept to a minimum and should never exceed £500 at any one time. The maximum amount of cash held in the academies at any time must never exceed the insured limit for the safe as set by the academies' insurance cover.
- 15.7 The Business Manager/Academy Manager will be responsible for the monthly reconciliation of the petty cash at the end of the month and ensure that the value of physical cash held reconciles with the reported balance on the PS Financials system. Receipts less payments plus cash in hand should equal the imprest after taking into account the cash brought forward from the previous month.

- 15.8 No personal cheques can be exchanged for cash and no IOU's or any other form of borrowing is permitted from petty cash
- 15.9 Any special arrangements for obtaining petty cash must be notified to the Chief Financial Officer and agreed.
- 15.10 The Trust will review the use of petty cash in the next twelve months with a view to removing these transactions from all locations

16 FIXED ASSETS

A separate and more detailed Investments and Reserves Policy is available.

17 INTERNAL CONTROL

The TMET Finance Team are responsible for carrying out bank statement reconciliations. Segregation of duty exists with the downloading of the statements and the reconciliations themselves. These statements are available on-line through Lloyds Bank and can be run and printed at any time. It is recommended that reconciliations are completed at least once a week. All discrepancies are to be reported to the Chief Financial Officer and Bank and investigated immediately.

The Chief Financial Officer is responsible for completing the quarterly VAT returns in the prescribed format, submitting them to HMRC.

The Chief Financial Officer/Management Accountant will be responsible for periodically checking and signing to confirm the checks have been made for both the Delegated Budget and school funds:

- bank account reconciliations.
- other control accounts (e.g. payroll suspense account, debtor and creditor control accounts)
- VAT returns, including reconciliation of the system VAT control account balance to outstanding VAT refunds due.
- Petty cash reconciliations.
- the appropriateness of payment arrangements in the context of maximising cash flow.
- Review of system audit trails, e.g. changes to supplier standing information such as account details (BACS payments)
- The use and authorisation arrangements of Direct Debits/Credits.

Each school is responsible for completing a month-end internal control checklist demonstrating that key financial procedures have been satisfactorily undertaken (e.g. petty cash reconciliation).

The Chief Finance Officer/Management Accountant is responsible for regularly checking and signing to confirm the checks have been made of payments to monitor that:-

- transactions have been properly authorised.

- no payments have been made which could be classified as fee payments to existing staff.
- where appropriate, the requirements of the Construction Industry Tax Deduction Scheme have been complied with.

The Trust should provide their Finance Committees with a schedule of financial responsibilities and agree a pattern of working to assure Trustees/Local School Councillors that all appropriate internal controls are in place and being adhered to.

The Chief Financial Officer/Management Accountant will produce monthly income and expenditure (Management Accounts) reports that are made available to all members of the Trust Board through GovernorHub. The Period 01 report may take the form of a written financial assurance statement rather than the usual suite of reports.

These reports will be supplemented with statistical benchmarking data across the schools.

18 ALLOWANCES AND EXPENSES

Please refer to the Trust's Expenses Policy.

19 SAFE KEYS

Each school must retain a record of who holds keys for their local safe, a copy of this document must be shared with the CFO

In the event of a safe key being lost for a period of more than 12-hours this must be reported to the local Principal and the CFO and where appropriate to the Trust insurer

In the event of a lost key not being found after a period of 48-hours the potential risks should be considered and if deemed necessary provision must be made for locks to be changed as soon as possible. If required, the contents of the safe can be relocated to another school until the situation is resolved. All costs associated with changing locks etc will be the responsibility of the individual academies

20 WHISTLEBLOWING POLICY

Please refer to the Trust's Whistleblowing Policy.

21 FRAUD AND FINANCIAL IRREGULARITY

The Trust has a zero-tolerance approach to all forms of fraud and financial irregularity. The Trust will not tolerate fraud or corruption by its members, trustees, employees, suppliers, contractors, partners, service users or members of the general public and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal, loss recovery and/or referral to the Police and/or other agencies. Further information is available in the Trust's Anti-Fraud, Bribery & Corruption Policy.

Appendix 1 – Schedule of 'Musts' from 2022Academy Trust Handbook

The requirements in the handbook brought together into one list: the 'musts'. It abbreviates these requirements and so cannot be used as a substitute for the full handbook. Links to the relevant sections are included, which must be read in full.

[Top 10 'musts' for chairs and other trustees](#)

Personal responsibilities

- Apply highest standards of conduct and ensure robust governance, comply with charitable objects, with **duties as company directors**, with charity law and the funding agreement [[1.13 and 1.14](#)]

Structures

- Ensure the board of trustees **meets at least three times a year**, and conducts business only when quorate [[2.3](#)]
- Approve a written **scheme of delegation** of financial powers [[2.4](#)]

Relationships

- **Manage conflicts of interest**, be even-handed with **related parties**, and ensure goods or services provided by them are at **no more than cost**, beyond the limits in this handbook [[5.35 to 5.59](#)]

Money and oversight

- Ensure the board approves a **balanced budget** for the financial year and minutes their approval [[2.10](#)]
- Share **management accounts** with the chair of trustees monthly, with the other trustees six times a year, and consider when the board meets, taking action to maintain financial viability [[2.19 and 2.20](#)]
- Ensure decisions about **executive pay** follow a robust evidence-based process reflecting the individual's role and responsibilities, and that the approach to pay is transparent, proportionate and justifiable [[2.30 and 2.31](#)]
- Appoint an **audit and risk committee** (either dedicated or combined with another committee) to advise on the adequacy of the trust's controls and risks [[1.24](#) and [3.6 to 3.14](#)]

Accountability and audit

- **Submit audited accounts** to ESFA by 31 December [[4.4](#)]
- Ensure an appropriate, reasonable and timely response to **findings by auditors**, taking opportunities to strengthen financial management and control [[4.16](#)]

Roles and responsibilities

- Adhere to [The 7 principles of public life](#)
- Have the **skills, knowledge and experience** to run the trust [[1.1](#)]
- Have at least three **members**, although the Department's strong preference is for five [[1.3](#)]
- Have suitability checks in place for members to ensure they are not subject to a direction under section 128 of the Education and Skills Act 2008 [[1.4](#)].
- Not have **members** as employees, nor have members occupy staff roles on an unpaid voluntary basis [[1.5](#)]
- Ensure **regularity, propriety and value for money** [[1.21](#), [1.38](#) and [2.7](#)]
- Trustees to take ownership of financial sustainability and ability to operate as a **going concern** [[1.21](#)]
- Ensure **committees** contain a majority of trustees [[1.25](#)]
- Not have **de facto trustees** or **shadow directors** [[1.26](#)]

- Include a review of the trust's **governance structure** and board composition in the governance statement when producing audited accounts for the first time [\[1.28\]](#)
- Appoint a senior executive leader (should be **principal or chief executive**) [\[1.33\]](#)
- Appoint an **accounting officer** (the senior executive leader) with responsibility for **regularity, propriety and value for money** and for **assuring the board** about compliance with the funding agreement and handbook [\[1.34 to 1.44\]](#)
- Demonstrate in the governance statement how the trust has secured **value for money** [\[1.41\]](#)
- Include a **statement on regularity, propriety and compliance**, signed by the accounting officer, in the audited accounts [\[1.41\]](#) and [4.13\]](#)
- Appoint a **chief financial officer** to lead the finance department [\[1.45\]](#)
- Have appropriately qualified and/or experienced **finance staff** [\[1.46\]](#)
- Appoint a **governance professional** (clerk to the board) [\[1.49\]](#)
- Arrange DBS checks as appropriate [\[1.51 and 1.52\]](#)

Main financial requirements

- Maintain robust **oversight** of the trust [\[2.1\]](#)
- Take responsibility for **financial affairs**, stewardship of assets and use resources efficiently [\[2.2\]](#)
- Describe in the governance statement how the board has maintained **effective oversight** if meeting less than six times a year [\[2.3\]](#)
- Have **sound internal control**, risk management and assurance processes [\[2.6\]](#)
- Establish a **control framework** that includes:
 - ensuring **delegated financial authorities** are complied with, and **segregation of duties** maintained
 - co-ordinating the **planning and budgeting process**
 - discipline in financial management, including managing **debtors, creditors, cash flow and monthly bank reconciliations**
 - planning and oversight of **capital projects**
 - management and oversight of **assets** including maintenance of a fixed asset register
 - **regularity, propriety and value for money**
 - reducing **fraud** and theft
 - **independent checking** of controls, systems, transactions and risks
 - a **competitive tendering** policy [\[2.7 and 2.28\]](#)
- Prepare and monitor **financial plans** to ensure the trust remains a **going concern** and ensure rigour and scrutiny in budget management [\[2.8 and 2.9\]](#)
- Ensure **budget forecasts** are accurate, based on realistic assumptions and reflective of lessons learned from previous years [\[2.11\]](#)

- Submit a **budget forecast return** to ESFA [[2.15 and 2.16](#)]
- Notify ESFA within 14 days if proposing a **deficit revenue budget** for the current financial year which it cannot address after taking into account unspent funds from previous years, as this would be non-compliant with the funding agreement and this handbook [[2.17](#)]
- Prepare **management accounts every month** and take appropriate action. Measure **key financial performance indicators** regularly and analyse in annual trustees' report [[2.18, 2.21 and 2.22](#)]
- Manage **cash position** robustly and avoid becoming overdrawn [[2.24](#)]
- Have a cautious approach to **investments** in line with the handbook principles [[2.25](#)]
- Show that public funds have been **used as intended** by Parliament [[2.27](#)]
- Publish on trust's website the number of employees whose **benefits exceeded £100k**, in £10k bandings [[2.32](#)]
- Ensure senior employees' **payroll arrangements** meet HM Treasury's tax requirements [[2.34](#)]
- Not use trust's funds to purchase **alcohol** for consumption, except where it is to be used in religious services [[2.35](#)]
- Charge for **boarding provision** in line with this handbook [[2.37](#)]
- **Manage risks**, including contingency and business continuity planning and maintain a risk register. Board to retain oversight of risk and review risk register at least annually. [[2.38 and 2.39](#)]
- Have adequate **insurance** or be a member of DfE's risk protection arrangement [[2.40](#)]
- Implement reasonable risk management **audit recommendations** [[2.42](#)]
- Have published procedures for **whistleblowing** and respond properly and fairly [[2.43 to 2.48](#)]
- Be **transparent** with governance arrangements [[2.49](#)]
- Publish the trust's **governance arrangements** in its governance statement and in a **readily accessible form** on its website [[2.50](#)]
- Ensure governance documents are available for public inspection [[2.51](#)].
- Provide ESFA or its agents with **information** of sufficient quality to meet funding requirements [[2.52](#)]
- Notify DfE via [Get information about schools](#) within 14 days of changes in information about members, trustees, local governors, chair of trustees, chairs of local governing bodies, accounting officer and chief financial officer [[2.54 to 2.58](#)]

Internal scrutiny

- *Check financial and non-financial controls and risks* [[3.1 to 3.5](#)]
- Oversee controls and risks at **constituent academies** [[3.13](#)]
- Ensure **information submitted** to DfE and ESFA affecting funding is accurate and compliant [[3.14](#)]

- Ensure checks are conducted by someone **independent**, suitably **qualified and experienced** [[3.15 to 3.21](#)]
- Provide **internal scrutiny reports** to the audit and risk committee and make the **findings** available to all trustees promptly [[3.15 and 3.16](#)]
- **Internal scrutiny must be viewed in the same way as internal audit** [[3.20](#)].
- Confirm in the governance statement which **internal scrutiny** option has been applied and why [[3.22](#)]
- Provide **annual summary of internal scrutiny** to ESFA by 31 December, and provide other internal scrutiny reports on request [[3.23](#)]

Annual accounts and external audit

- **Produce audited accounts, publish** on the trust's website by 31 January and file with Companies House [[4.1 to 4.4](#)]
- **Appoint an external auditor** in writing, for the annual accounts [[4.5 and 4.6](#)]
- Put any **additional services** from the external auditor in a separate letter of engagement [[4.6](#)]
- Provide in the audit contract for the **removal of external auditors** [[4.7](#)]
- Notify ESFA immediately of the **removal or resignation of external auditors**, and the reasons [[4.8](#)]
- Prepare information, at DfE's request, for the **sector annual report and accounts** [[4.9 and 4.10](#)]
- Include a **review of the accounting officer's statement on regularity, propriety and compliance** within the external auditor's remit, and address the **auditor's conclusions on regularity** jointly to the trust and ESFA [[4.15](#)]
- **Audit and risk committee** to review the external auditor's plan, annual accounts, audit findings, management response and effectiveness of the external auditor and produce annual report of conclusions [[4.17](#)]

Delegated authorities

- Obtain ESFA's prior approval for transactions **beyond the trust's delegated** limits [[5.1](#)]
- Make **financial disclosures** in the annual accounts in line with this handbook [[5.2 and 5.3](#)]
- Refer **novel, contentious and/or repercussive transactions** to ESFA for prior approval [[5.5](#)]
- For **staff severance payments**, consider the following before committing:
 - whether the proposed payment is in the **trust's interests**
 - whether payment is **justified and value for money**, based on a legal assessment
 - review the **level of settlement**, which **must** be less than the legal assessment of what the relevant body (e.g. employment tribunal) is likely to award [[5.8](#)]
- Obtain ESFA's prior approval for the **non-contractual/non-statutory element** of a **staff severance payment** of **£50,000** or more (gross, before deductions) [[5.10](#)]

- Not accept a settlement for a **staff severance payment** unless satisfying the conditions in this handbook [\[5.11\]](#)
- Obtain prior approval for staff severance payments of £100k or more which include a non-statutory/non-contractual element, and/or where the employee earns over £150k [\[5.12\]](#)
- Ensure **confidentiality clauses** do not prevent an individual's right to make **disclosures in the public interest** [\[5.13\]](#)
- For **compensation payments**, base on appraisal, including legal advice, ensuring value for money [\[5.14\]](#)
- Obtain ESFA's prior approval for **non-contractual/non-statutory compensation payments** of **£50,000** or more [\[5.15\]](#)
- Obtain ESFA's prior approval for **ex gratia payments** [\[5.18\]](#)
- Obtain ESFA's prior approval for **writing off debts and losses, guarantees, letters of comfort and indemnities** beyond limits in this handbook [\[5.19 and 5.20\]](#)
- Obtain ESFA's prior approval, before **acquiring and disposing of fixed assets** beyond limits in this handbook and ensure **disposal** achieves **best price** [\[5.23 and 5.24\]](#)
- Obtain ESFA's prior approval for **leases** beyond limits in this handbook [\[5.26 to 5.28\]](#)
- Not **pool PFI** funding across a trust with multiple academies [\[5.30\]](#)
- Consider the funding needs of individual academies if **pooling GAG**, and have an appeals mechanism [\[5.31\]](#)
- Ensure **gifts** by the trust have the decision documented, and have regard to propriety and regularity [\[5.32\]](#)
- Obtain ESFA's prior approval before **borrowing**, including finance leases and overdrafts, and only use credit cards for business expenditure [\[5.33\]](#)
- Ensure no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for **personal gain** [\[5.36\]](#)
- Ensure **no payments to trustees** unless permitted by the articles and comply with the terms of any agreement with the Secretary of State [\[5.36\]](#)
- Obtain Charity Commission prior approval for **paying a trustee for acting as a trustee** [\[5.36\]](#)
- Ensure the board chair and the accounting officer manage their relationships with related parties to **avoid real and perceived conflicts of interest** [\[5.38\]](#)
- Recognise that **related party transactions** may attract **public scrutiny** and require sufficient disclosure in annual accounts to support **accountability and transparency** [\[5.39 and 5.40\]](#)
- **Report all contracts and other agreements with related parties** to ESFA in advance [\[5.41\]](#)
- Obtain ESFA prior **approval for contracts and other agreements with related parties** beyond limits in this handbook [\[5.42 to 5.44\]](#)

- Capture in an up to date **register of interests** the relevant business and pecuniary interests of **members, trustees, local governors** and **senior employees** [5.45] and interests of other individuals as described in [5.46]
- **Publish relevant business and pecuniary interests** of members, trustees, local governors and accounting officers [2.50 and 5.48]

The regulator and intervention

- Arrange for **letters to trusts' accounting officers** from ESFA's accounting officer about the accountability framework to be discussed by the board and, where appropriate, strengthen the trust's systems [6.2]
- Provide ESFA with **access** to books, records, information, explanations, assets, premises and staff to assist with its audits [6.4]
- Provide ESFA with permission for any **third party** to provide requested information where there are concerns or an investigation is ongoing at a trust [6.5].
- **Retain records** for at least six years after the period to which funding relates [6.6]
- Send ESFA a **financial management and governance self-assessment** for new academy trusts, or constituent academies joining an existing trust [6.7]
- Submit [school resource management self-assessment checklist](#) to ESFA annually [6.9]
- Be aware of the risk of **fraud, theft and irregularity** and address with proportionate controls and appropriate action [6.11]
- Notify ESFA of **fraud or theft** over £5,000, individually or cumulatively, or of any value where unusual or systematic [6.12]
- Be aware of the risk of **cybercrime** and put in place proportionate controls and appropriate action where a cyber security incident has occurred [6.16]
- Obtain permission from [ESFA](#) before paying any **cyber ransom demands** [6.17].
- Comply with a **Notice to Improve** [6.18 and 6.20]
- Publish the **Ntl** on the trust's website until it is lifted [6.19]
- **Waive delegated authorities** and obtain ESFA approval of certain transactions described in this handbook if the trust has an Ntl [6.21]
- Cooperate with **NAO** and provide help, information and explanation [6.29]

