



Spa Education

Financial Policies & Procedures

C O N F I D E N T I A L

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1. Members

As charitable companies limited by guarantee every trust has members who have a similar role to the shareholders of a company limited by shares. They:

- are the subscribers to the trust's memorandum of association (where they are founding members);
- may amend the articles of association (the articles include a definition of the trust's charitable objects and governance structure) subject to any restrictions in the articles or in the trust's funding agreement or charity law;
- have powers to appoint and remove trustees in certain circumstances;
- Receive the trust's audited annual accounts.

The Department's minimum requirement before entering into a funding agreement is that academy trusts have at least three members, although the Department's recommendation is for trusts to have at least five members wherever possible, the current members of Spa Education Trust are:

Anupriya Dwivedi

Bridget Gilchrist

Rachel Landau

Christopher Nicholson

Joseph Wood

2. Trustees

The trustees of Spa Education Trust are also its company directors. The board of trustees manages the business of the trust and should focus strongly on the three core functions of governance:

- 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 the financial performance of the organisation and making sure its money is well spent.

Principally, the trustees are responsible for ensuring that the trust's funds are used only in accordance with the law, its articles of association, its funding agreement

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and this handbook. The board of trustees has wide discretion over its use of the trust's funds, which it must discharge reasonably and in a way, which commands broad public support. It is responsible for the proper stewardship of those funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.

There are certain financial disciplines that any well-run organisation should be expected to deploy, including:

- having rigorous procedures for preparing and monitoring financial plans
- delivering effective operational controls
- maintaining a system of internal scrutiny to remain compliant

Effective deployment of financial resources can have a dramatic impact on raising educational outcomes. Boards should constantly challenge how effective the organisation is in this respect. The current trustees are:

Lipi Begum	Krys McInnis
Simon Eccles	Christopher Nicholson
Beverley Jeavons	Megha Okhai
Holly McAlpine	William Page

3. Annual Accounts

As companies, academy trusts must produce annual audited accounts to 31 August year-end. The audited accounts must be submitted to the ESFA by 31 December each year. The current auditors are:

Baxter & Co

It is a condition of academy trusts' company and charitable status that they must file their annual accounts with Companies House for public access, and provide a copy of the accounts to anyone who requests them. Trusts must also publish the annual accounts on their website no later than the end of January following the financial year to which the accounts relate.

4. Responsibilities of the academy trust's Accounting Officer

Each academy trust must designate, in writing, a named individual as its accounting officer. The individual must be a fit and suitable person for the role. The accounting officer should be the senior executive leader of the trust. In multiacademy trusts, it should be the chief executive or equivalent.

The role of accounting officer must not rotate. The appointment of an accounting officer does not remove the responsibility of trustees, both individually and as a board, for the proper conduct and financial operation of the trust. The role of accounting officer includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to ESFA's accounting officer, for the financial resources under the trust's control. Accounting Officers must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly:

- value for money
- regularity
- propriety

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

The accounting officer for the trust is:

Simon Eccles

The accounting officer must advise the board in writing if, at any time, in his or her opinion, any action or policy under consideration by them is incompatible with the terms of the articles, funding agreement or the ESFA Academies Financial handbook. Similarly, the accounting officer must advise the board in writing if the board appears to be failing to act where required to do so by the terms and conditions of the handbook or funding agreement. Where the board of trustees is minded to proceed, despite the advice of the accounting officer, the accounting officer must consider the reasons the board gives for its decision. If, after

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considering those reasons the accounting officer still considers that the action proposed by the board is in breach of the articles, the funding agreement or this handbook, the accounting officer must notify ESFA's Accounting Officer immediately, and in writing. Whilst the trust's accounting officer is accountable for the trust's financial affairs, for keeping proper financial records, and for the management of opportunities and risks, the delivery of the trust's detailed accounting processes will be delegated to a Chief Financial Officer, who will perform the role of finance director equivalent.

5. Responsibilities of the academy trust's Chief Finance Officer

The Chief Financial Officer for the Trust is:

Alan Burrows – Senior Finance Officer

The CFO should play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts.

The CFO need not discharge all of their duties personally. The trust may decide that its needs are adequately served by employing staff or contractors with the relevant skills and knowledge at the appropriate time (e.g., when accounts are being prepared).

6. Delivering assurance

Academy trusts should manage this program of risk review and checking of financial controls in the way that they deem most appropriate to their circumstances. Options include:

- the appointment of an internal audit service (either in-house, bought-in or provided by a sponsor)
- the performance of a supplementary program of work by the trust's external auditor
- the appointment of a non-employed trustee with an appropriate level of qualifications and/or experience to check the trust's internal controls, who

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neither charges, nor is paid by the trust for their work. This appointment is not mandatory but is one way trusts are able to conduct their internal checks

- a peer review, with the work being performed by the chief financial officer, or a suitably qualified or experienced member of the finance team, from another academy trust, as an independent reviewer

The trust currently has an annual interim systems audit as part of delivering assurance. This is conducted by:

Baxter & Co

The ESFA now have a list of **`MUSTS`** required from academies:

Personal responsibilities

Apply highest standards of governance; comply with charitable objects, with duties as company directors, with charity law and with the funding agreement.

Structures

Ensure the board of trustees meets at least three times a year, and conducts business only when quorate. Approve a written scheme of delegation of financial powers.

Relationships

Ensure there are measures to manage conflicts of interest, be even-handed in relationships with related parties, and ensure goods or services provided by them are at no more than cost, beyond the limits specified in this handbook.

Money and oversight

- Ensure the board approves a balanced budget for the financial year and minutes their approval
- Ensure management accounts are shared with the chair of trustees monthly, with the other trustees six times a year, and are considered by the board when it meets, taking action to maintain financial viability
- Ensure decisions about executive pay follow a robust evidence-based process reflective of the individual's role and responsibilities, and that the

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board's approach to pay is transparent, proportionate and justifiable, in line with the handbook

- Establish an audit committee, or a committee fulfilling the functions of an audit committee, to provide assurance over the suitability of, and compliance with, the trust's financial systems and operational controls and to manage risks.

Accountability and audit

- Submit audited accounts to ESFA by 31 December
- Ensure an appropriate, reasonable and timely response to findings by auditors, taking opportunities to strengthen financial management and control.

Roles and responsibilities

- Adhere to the seven principles of public life
- Have the skills, knowledge and experience to run the trust
- Arrange for annual letters to trusts' accounting officers from ESFA's accounting officer about the accountability framework to be discussed by the board of trustees and take action where appropriate to strengthen the trust's systems
- Comply with a Financial Notice to Improve
- Waive the right to delegated authorities and obtain ESFA approval of those transactions set out in this handbook if the trust has a Financial Notice to Improve
- Ensure regularity, propriety and value for money
- Ensure committees contain a majority of trustees
- Not have de facto trustees or shadow directors
- Provide a review of the trust's governance structure and board composition in the governance statement when producing audited accounts for the first time
- Not have employees as members unless permitted in articles
- Appoint a senior executive leader (should be Headteacher or Executive Headteacher)

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- Appoint an accounting officer (the senior executive leader) with duties described in this policy, including responsibility for regularity, propriety and value for money and for assuring the board about compliance with the funding agreement and policy
- Demonstrate how the trust has secured value for money via the governance statement in the annual accounts
- Include a statement on regularity, propriety and compliance, signed by the academy trust's accounting officer, in the audited accounts
- Have a chief financial officer to lead the finance department
- Have appropriately qualified and/or experienced finance staff

Main requirements

- Maintain robust oversight of the academy trust
- Take full responsibility for financial affairs and use resources efficiently
- Describe in the governance statement how the board has maintained effective oversight if meeting less than three times a year
- Have sound internal control and risk management and assurance processes
- 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
- Propriety, regularity and value for money
- Reducing fraud and theft
- Independent checking of financial controls, systems, transactions and risks
- A competitive tendering policy
- Prepare and monitor financial plans to ensure ongoing financial health
- Prepare and submit a budget forecast return outturn and a 3 year budget forecast return to ESFA

- Ensure budget forecasts are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and reflective of lessons learned from previous years
- Prepare management accounts every month comprising budget variance reports and cash flows and take appropriate action. Select and measure key financial performance indicators regularly and analyse in annual trustees' report
- Notify ESFA within 14 days if the board proposes to set a deficit revenue budget for the current financial year which it cannot address after unspent funds from previous years are taken into account
- Manage cash position robustly and avoid becoming overdrawn
- Have a cautious approach to investments in line with the handbook principles
- Show that public funds have been used as intended by Parliament
- Ensure senior employees' payroll arrangements meet HM Treasury's tax requirements
- Manage risks, including contingency and business continuity planning
- Have adequate insurance cover in compliance with legal obligations or be a member of DfE's risk protection arrangement
- Implement reasonable risk management audit recommendations
- Have procedures in place for whistleblowing and respond properly and fairly
- Produce audited accounts in line with the Charity Commission's Statement of Recommended Practice, publish them on the trust's website by 31 January and file with Companies House
- Check financial systems, controls, transactions and risks
- Oversee the controls and risks at constituent academies
- Ensure that information submitted to DfE and ESFA that affects funding is accurate and compliant
- Confirm in the governance statement which internal scrutiny option the trust has applied and why
- Make findings from the trust's internal scrutiny programme available to all trustees promptly, and provide the findings to ESFA on request
- Be transparent with governance arrangements

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- Publish the trust's governance arrangements in its governance statement and in a readily accessible form on its website in line with the ESFA's handbook

Delegated authorities

- Obtain ESFA's approval for transactions beyond the trust's delegated authority limits in this policy
- Irrespective of whether approval is required for transactions, make financial disclosures in the annual accounts in line with this handbook
- Refer novel, contentious and/or repercussive transactions to ESFA for approval
- For staff severance payments, consider the following before making a commitment: whether the proposed payment is in the interests of the trust whether a payment is justified and value for money, based on a legal assessment of the case; and review the level of settlement, which must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award
- Obtain ESFA's approval for the non-contractual/non-statutory element of a staff severance payment of £50,000 or more (gross, before deductions)
- Ensure that there is a written process for declaring all contracts and other agreements with related parties to the ESFA in advance of the transaction taking place, using ESFA's related party transactions on-line form
- Ensure a competitive tendering policy is in place and applied, and the procurement rules and thresholds in the Public Contracts Regulations 2015 are observed unless alternative arrangements to these regulations are introduced
- Not accept a settlement for a staff severance payment unless it satisfies the conditions in the ESFA's handbook
- Ensure confidentiality clauses do not prevent an individual's right to make disclosures in the public interest
- For compensation payments, consider whether it is based on a careful appraisal of the facts, including legal advice, and that value for money will be

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achieved • Obtain ESFA's approval for a non-contractual/non-statutory compensation payment of £50,000 or more]

- Obtain ESFA's approval for ex gratia payments of any value
- Obtain ESFA's approval for writing off debts and losses, guarantees, letters of comfort and indemnities beyond limits in the ESFA's handbook
- Obtain ESFA's approval, before entering into the acquisition and disposal of fixed assets beyond limits specified by the ESFA's handbook and that disposal achieves the best price that can reasonably be obtained
- Obtain ESFA's approval before entering into lease arrangements beyond limits specified in this handbook, and maintain regularity, propriety and value for money
- Not pool PFI funding across a MAT
- Consider the funding needs of individual academies if MATs pool GAG, and have an appeals mechanism
- Obtain ESFA's approval before borrowing, including finance leases and overdraft facilities, in line with this handbook, and only use credit cards for business expenditure
- Ensure gifts by the trust have the reason documented, and have regard to propriety and regularity
- Ensure no member, trustee, local governor, employee or related individual or organisation uses their connection to the academy trust for personal gain
- Ensure there are no payments to any trustee unless permitted by the articles and comply with the terms of any relevant agreement with the Secretary of State
- Obtain the Charity Commission's approval for paying a trustee for acting as a trustee
- Ensure the chair of the board and the accounting officer manage their relationships with related parties to avoid real and perceived conflicts of interest
- Recognise that certain transactions with related parties may attract greater public scrutiny and require sufficient disclosure in annual accounts to support the high standards of accountability and transparency of the public sector
- Report all related party transactions to ESFA in advance

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- Obtain ESFA approval for related party transactions beyond the limits specified in this handbook
- Capture in the register of interests the relevant business and pecuniary interests of members, trustees, local governors in a MAT and senior employees and interests of other individuals as set out in the ESFA regulations
- Publish the relevant business and pecuniary interests of members, trustees, local governors and accounting officers

Audit requirements

- Appoint an external auditor for the annual accounts, and put the external audit contract in writing as a letter of engagement
- Put additionally purchased financial services from the external auditor in a separate letter of engagement
- Provide in the audit of the term as set out in this handbook
- Notify ESFA immediately of the removal or resignation of external auditors, and the reasons
- Prepare information, at DfE's request, to aid consolidation into the sector annual report and accounts
- 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
- Return to ESFA a financial management and governance self-assessment for new academy trusts, or constituent academies joining a MAT
- Cooperate with NAO and provide help, information and explanation as is reasonable and necessary
- Provide ESFA with access to all books, records, information, explanations, assets and premises to assist ESFA with its audits
- Retain all records necessary for at least six years after the end of the period to which funding relates
- Provide ESFA or its agents with information of sufficient quality to meet the purposes for which it has been requested

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- Notify DfE via Get information about schools within 14 days of the appointment or vacating of the positions of member, trustee, local governor, chair of trustees, chairs of local governing bodies, accounting officer and chief financial officer
- Be aware of the risk of fraud, theft and irregularity and address it with proportionate controls and appropriate action
- Notify ESFA of any fraud or theft over £5,000, individually or cumulatively, or of any value where the fraud is unusual or systematic

7. Disclosure

Irrespective of whether the Secretary of State's approval is required, academy trusts must disclose aggregate figures for transactions of any amount, and separate disclosure for individual transactions above £5,000, in their audited accounts for each of the following transactions:

- gifts made by the trust
- writing off debts and losses
- guarantees, letters of comfort and indemnities
- special payments – compensation
- special payments – ex gratia
- acquisition of a freehold of land and buildings
- disposal of a freehold of land and buildings disposal of heritage assets
- taking up a leasehold on land and buildings
- granting a leasehold on land and buildings

The following transactions must be disclosed in total, and individually:

- special payments – staff severance, of any value

8. Register of interests

The register of interests for the trust must capture relevant business and pecuniary interests of members, trustees, local governors of academies within a multi-academy trust and senior employees, including:

- directorships, partnerships and employments with businesses

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- trusteeships and governorships 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 register must identify any relevant material interests arising from close family relationships between the academy trust's members, trustees or local governors. It must also identify relevant material interests arising from close family relationships between those individuals and employees.

Trusts must publish on their websites relevant business and pecuniary interests of members, trustees, local governors and accounting officers. Trusts have discretion over the publication of the interests of any other individual named on the register.

9. Novel & Contentious payments

Novel, contentious and/or repercussive transactions must always be referred to ESFA prior authorisation.

- Novel payments or other transactions are those of which the academy trust has no experience, or are outside the range of normal business activity for the trust. (see Appendix 3)
- 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.
- 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.

10. Gifts

The academy trust should have a policy and register on the acceptance of gifts, hospitality, awards, prizes or any other benefit, which might be seen to compromise their personal judgment or integrity; and ensures that all members of staff are made aware of this. When giving gifts, the trust must ensure that the value of the gift is reasonable, is within the trust's scheme of delegation of financial powers, the

decision is fully documented, and has due regard to propriety and regularity in the use of public funds. Gifts of alcohol are not permitted to be purchased by the trust, for any reason whatsoever.

11. Special Payments

Special payments are transactions that fall outside academy trusts' planned range of activities. They are non-statutory or non-contractual and so are subject to greater control than other payments. They include:

- staff severance payments
- compensation payments
- ex gratia payments

The trust 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 and have a business case justifying the level of settlement reached. Settlements must not be accepted unless they satisfy the above conditions.

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 ESFA's prior approval must be obtained. ESFA will also need to refer such transactions to HM Treasury and so trusts should allow sufficient time for proposals to be considered.

The trust should routinely consider whether particular cases reveal concerns about the effectiveness of internal control systems, and take 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. These may 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, payments are separate to other classes of special payment such as staff severance payments and compensation payments. Statutory and contractual payments made to academy staff in accordance with the trust's pay and conditions policy would not be ex gratia.

Ex gratia, transactions must always be referred to ESFA for prior authorisation. HM Treasury approval may also be needed dependent on the nature of the transaction so trusts should allow sufficient time for proposals to be considered. If trusts are in any doubt about a proposed transaction, they should seek prior advice from ESFA.

12. Acquisition and disposal of fixed assets

The trust must seek and obtain prior written approval from 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 principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards

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Other than land, buildings and heritage assets, the trust can dispose of any other fixed asset without ESFA's prior approval. However, it must be ensured that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where assets have a residual value.

13. Leasing

There are two types of lease:

- operating leases: these do not represent borrowing
- finance leases: these are a form of borrowing

Trusts do not require ESFA's approval for operating leases except for some transactions relating to land or buildings.

Trusts must obtain ESFA's prior approval for the following leasing transactions:

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

The trust must ensure that any lease arrangement maintains the principles of value for money, regularity and propriety whether or not ESFA's prior approval is required. We should seek advice from our external auditor if we are in any doubt whether a lease involves an element of borrowing.

14. Managing General Annual Grant (GAG)

Managing surplus GAG

ESFA previously set limits on the amount of GAG that could be carried forward by trusts from year-to-year. These limits have now been removed for eligible academy trusts. Trusts should use their allocated GAG funding for the full benefit of their current pupils. If a trust has a substantial surplus, they should have a clear plan for how it will be used to benefit their pupils, for example a long-term capital project.

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ESFA will report to DfE any trusts where it has serious concerns about a long-term substantial surplus with no clear plans for its use.

Pooling of GAG by multi-academy trusts

A multi-academy trust has the freedom to amalgamate a proportion of GAG funding for all its academies to form one central fund.

This fund can then be used to meet the normal running costs at any of its constituent academies within the trust. In accordance with its funding agreement, a multi-academy trust must not pool PFI funding.

The trust must give individual consideration to the funding needs and allocations of each constituent academy, and must have an appeals mechanism in place. If a constituent academy's principal feels that the academy has been unfairly treated, they should first appeal to the trust. If the academy principal's grievance is not resolved, they can then appeal to the Secretary of State, via ESFA, whose decision will be final and who can dis-apply the provisions for pooling in this handbook in relation to the multi-academy trust.

15. Statutory audit

In accordance with the Companies Act 2006, academy trusts must:

- Appoint an auditor, to certify whether the accounts present a true and fair view of the trust's financial performance and position (appointment being by the members, other than where the Companies Act permits the trustees to appoint for example for the trust's first period of account) produce audited accounts (FMGS) and submit it to the ESFA. Some new constituent academies are able to agree an alternative method of providing assurance. Further details are contained within the FMGS template.

In order to gain assurance over the adequacy of financial arrangements governing the use of public funds by academy trusts, the ESFA will conduct a number of financial management reviews. These will examine whether the systems and control mechanisms that exist in each trust meet the requirements set out in the handbook.

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16. Investigation of fraud, theft and/or irregularity

Academy trusts must be aware of the risk of fraud, theft and/or irregularity occurring and, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls.

Trusts must take appropriate action where fraud, theft and/or irregularity is suspected or identified and must notify ESFA, as soon as is operationally practical based on its particular circumstances, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, must also be reported. The following information is required:

- 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 arrangement have offset any loss

ESFA will not tolerate fraud. It reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy trust, either as the result of a formal notification from the trust itself or as the result of other information received. ESFA may involve other authorities, including the police, as appropriate. ESFA will publish reports about its investigations and about financial management and governance reviews at academy trusts in line with its own policy on publishing information.

17. Financial planning, monitoring and reporting

The full board of trustees must approve a balanced budget for the financial year and must minute their approval.

They must submit budget forecast information to ESFA and ensure the board of trustees and operations committee are responsible for:

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- ensuring good financial management and effective internal controls
- compliance with the funding agreement and this handbook ensuring sufficient rigor and scrutiny in the budget management process to understand and address variances between the budget forecast and actual income and expenditure
- receiving and considering information on the financial performance of the trust at least three times a year, taking action to ensure ongoing viability

18. Financial Processes

The board of trustees and the operations committee must ensure good financial management and effective internal controls and must comply with the funding agreement and the Academies Financial Handbook. They should ensure sufficient rigor and scrutiny in the budget management process to understand and address variances between the budget that has been set and actual income and expenditure receive and consider information on financial performance at least three times a year, taking appropriate action to ensure ongoing viability.

Ordering

The ordering of goods must be within the authority detailed in the Scheme of Delegation. Where possible the ordering of the goods and payments for the goods should not be conducted by the same individual. The person ordering the goods must not sign cheques. The purchase order form must be used for all orders and signed by the relevant budget holder. The Headteacher must approve orders over £5,000. No leases should be entered into without the authorisation of the Executive Headteacher. See (Appendix 2 Lease Policy)

Purchase Invoices

All invoices should be signed as authorised by the Senior Finance Officer and all cheque payments require two separate approvals. Invoices presented for payment must have a copy of the original purchase order and any delivery notes attached. The cheque signatories and the Senior Finance Officer must sign the weekly cheque remittance payment report.

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Banking

All banking is prepared by the Senior Finance Officer and must be carried out at least weekly where applicable to keep cash levels to a minimum in the safe. All cash is banked intact and will be recorded on paying-in-slips. Bank paying-in-slips show the split of cash and cheques with reference to related debt.

Credit Card

Authorised users are established as approved by the Headteacher with the operations committee advised of all cardholders' identity. Authorised users are allowed to keep their credit cards in their own possession and it is not a requirement to keep it in the safe. The expenses of the credit cards are posted to the relevant accounts and is reconciled against the bank statement by the Senior Finance Officer. The balance of the card is paid in full each month by direct debit.

Petty Cash

Petty cash is used for the purchase of minor items, which have been budgeted for. The petty cash float is only reimbursed from the main account and is held in the safe. The maximum balance is £500.

Management Accounts

Timely monthly management accounts should be prepared, including income and expenditure reports, cash flow forecasts and balance sheets as appropriate.

Accounts Receivable

Debtors should be invoiced as soon as the charge is identified. Outstanding invoices over 30 days must be reported to the Headteacher and invoices over 60 days must be reported to the operations committee. Any debt in excess of 90 days must be reported to the Executive Headteacher who must advise the board of trustees. Only the trustees may authorise any debt write-off.

Capital Grants

Bids for capital grants should be submitted using the capital fund request form, and authorised by the Chair of Trustees and the Executive Headteacher. These are then

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presented to the Board of Trustees for approval.

Financial Policies & Procedures Approved by the Board of Trustees on 12th July 2021

Signed by Chair of Trustees

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Appendix 1

Authorisation Levels

KEY

Level 1: Board of Trustees

Level 2: Operations Committee

Level 3: Executive Headteacher

Level 4: Headteacher

Level 5: Deputy Headteacher

Level 6: Senior Finance Officer

Level 7: Finance Assistant

Key Function	Ref	Tasks	1	2	3	4	5	6	7
Delegated Budget	1	To approve the formal budget each financial year	x						
	2	To monitor monthly expenditure			x	x		x	
	3	To enter into contracts	x	x	x	x			
	4	To enter into a lease	x						
	5	To sign cheques			x	x	x		
	6	Approve Orders/Invoices>£50,000	x						
	7	Approve Orders/Invoices>£20,000		x					
	8	Approve Orders/Invoices<£20,000			x	x			
	9	Approve Orders/Invoices>£5,000					x	x	x
	10	Approve Staff Expenses			x	x	x	x	
	11	Authorise Additional Hours			x	x	x		
	12	Authorise changes to employee contracts		x	x	x			
	13	Miscellaneous financial decisions		x	x			x	
Key Function	Ref	Tasks	1	2	3	4	5	6	7
Staffing	14	Headteacher Appointment (selection panel)		x					
	15	Deputy Headteacher Appointment (selection panel)			x	x			
	16	Appointment of teaching and support staff			x	x	x		
	17	Appointment of central trust staff (shared services)		x	x	x			

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Appendix 2

Leasing Policy

Only the board of trustees have the authority to enter in to a lease agreement. All lease agreements regardless of value require this authorisation.

The following policy guidelines apply:

Academy trusts must seek and obtain prior written approval from the Secretary of State, via the EFA, for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years; and
- Granting a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than five years.

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

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

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Appendix 3

Novel and Contentious Transactions Policy

Novel payments are those in which the academy trust has no experience, or are outside the range of normal business activity for the trust.

Contentious transactions are those, which might give rise to criticism of the trust by the public or the media. It is difficult to be specific about what might constitute novel or contentious payments; it is for trusts to use their judgement about when they should seek the prior advice of the ESFA. Public money must always be spent prudently and in ways that command broad public support.

Novel and contentious transactions must always be referred to the ESFA for explicit prior authorisation. If there is any doubt about the propriety of a payment an academy trust should ask the ESFA in advance.

Such payments may include:

- Staff payments as Goodwill gesture
- Prizes
- Gifts Payment in the form of hospitality i.e. paying for a meal/accommodation/holiday
- Bonus to contractors

The trust will be mindful that expenditure in this area is a use of public funds and as such must be transparent and authorized prior to expenditure

This is not exhaustive and with all such payments, the potential transaction must be referred to the board of trustees for approval.

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Appendix 4

Quotation and Tendering Policy

The trust will follow the below tendering procedures as set out in the Scheme of Delegation for items of goods and services of significant value, which carefully analyses and compares all possible options to ensure that best possible value for money is obtained.

The minimum required numbers of tenders or quotations from appropriate contractors for a given estimated value of contract are:

- Goods and services up to £5,000 the trust is not required to obtain a written quotation but must have an official order form signed by the Senior Finance Officer.
- Goods and services that are over £5,000 but less than £20,000 are subject to three written quotations and must be on an official order form signed by the Headteacher.
- Goods and services that are over £20,000 but less than £50,000 are subject to three written quotations and must be on an official order form signed by the Executive Headteacher. These goods and services will require approval from the operation committee.
- Goods and services with a value at £50,000 and over are subject to tender (see below) and will require the board of trustees' approval. This must be on an official order signed by the Chair of Trustees.

Procedures

All purchases with a value greater than £50,000 must be put out to formal tender.

The following procedures must be followed in such circumstances:

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1. A specification will be prepared, authorised by the operations committee in conjunction with the Executive Headteacher and sent to at least three suppliers. It is anticipated that for any major building works of a value greater than £20,000 the services of an architect would be engaged to deal with the handling of specifications and suitability to tender.
2. Where appropriate, the suppliers invited to tender should be drawn from an approved list or from those agreed with the architect. Otherwise, invitations to submit tenders will be advertised in local newspapers and trade journals if appropriate. The invitations to tender will include:
 - (a) an introduction/background to the project;
 - (b) the scope and objectives of the project;
 - (c) any technical requirements;
 - (d) implementation details for the project;
 - (e) the terms and conditions of the tender; and
 - (f) the form and date of response to the academy, or in the case of building works, to the architect or quantity surveyor.
3. All replies, if to the trust, should be addressed to the CFO in a plain sealed envelope marked 'Tender' to reach him/her by a specified date. All replies must be kept sealed until that date and passed to the chair of the relevant committee.
4. All tenders will be opened at the same time and details of the contractor, quotation and any other details recorded at the time of opening,
5. No contractor will be allowed to amend the tender after the time fixed for receipt.
6. The Senior Finance Officer will open a separate correspondence file for each tender, which will contain copies of all correspondence or other relevant information.
7. For purchases up to £50,000, provided the expenditure is included in the budget, the decision as to which tender to accept will be taken by the operation committee, in consultation with the Executive Headteacher.

8. For purchases exceeding £50,000, provided the expenditure has been budgeted for, the Executive Headteacher will recommend a decision. The decision will need to be ratified by the board of trustees.
9. Where expenditure is not included in the budget or anticipated expenditure exceeds the budget allocation, the decision as to which tender to accept will be taken by the operations committee, in line with their terms of reference and then ratified by the board of trustees; and
10. The reasons for accepting a particular tender must be documented, especially if it is decided to accept other than the lowest tender. All decisions must be reported to the board of trustees.

Acceptance of Tender

The following points will be considered when deciding which tender to accept:

1. The overall price and the individual items or services, which make up that price.
2. Whether there are any 'hidden' costs; that is additional costs which the academy will have to incur to obtain a satisfactory product.
3. Whether there is scope for negotiation, while being fair to all tenderers.
4. The qualifications and experience of the supplier, including membership of professional associations.
5. Compliance with the technical requirements laid down by the school.
6. Whether it is possible to obtain certificates of quantity.
7. The supplier's own quality control procedure; pre sales demonstrations, after sales service and, for building works, a six month defects period and insurance guarantees.
8. The financial status of the supplier.
9. References from other establishments.
10. Understanding & compliance with Health & safety, CDM regulations and Child Protection issues related to working on a school site. All staff to be DBS checked where working when pupils are on site.

In the case of building works, where the tendering process is being carried out by the architect or quantity surveyor, they will be responsible for checking the documents of the lowest tender before making a recommendation to the trust. Once

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a tender is accepted an order should be issued immediately to the supplier in the normal way but signed by the Chair of Trustees.

Appendix 5

Payroll Policy

This policy is designed to work in conjunction with the Scheme of Delegation as adopted by the trust. It provides a quick reference guide to authority levels for the separate elements of the payroll process.

The different levels of delegated power are listed below but it should be noted that not every task requires all levels of delegated power to be defined:

The authorisation layers within the trust are identified as follows:

1. EH – Executive Headteacher
2. HT - Headteacher
3. DH – Deputy Headteacher
4. SFO – Senior Finance Officer
5. FA – Finance Assistant

	Task	EH	HT	DH	SFO	FA
1	Authorise New Starter Form	x	x		x	
2	Authorise Amendments to Staff Contract	x	x			
3	Authorise Staff Expenses	x	x	x	x	
4	Authorise Additional Hours	x	x	x		
5	Input New Starter Forms				x	x
6	Input Staff Expenses				x	x
7	Input Additional Hours				x	x
8	Authorise Payroll BAC's	x	x			
9	Authorise Emergency Payments	x	x			

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