



Financial Procedures

2025/2026 Academic Year

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1. Introduction

The main purpose of this policy is to set a framework for sound financial management and boundaries within in which Members, the Board of Trustees (the

Board), the Operation Committee, the Executive Headteacher, and the School Leadership Teams can operate at Spa Education Trust (the Trust). The Trust's financial arrangements comply with the framework as prescribed in the Academies Financial Handbook.

2. 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. The specific responsibilities of the Members are as follows:

- Review, amend and agree the Articles of Association
- Change the name of the Trust
- Receive an Annual Report from the Board
- Appoint/remove Members
- Appoint up to nine Trustees and remove any of these
- Receive the Trust's audited annual accounts
- Appoint external auditors for the Trust
- Approve any service contracts for Trustees

The Department of Education (DfE) minimum requirement before entering into a funding agreement is for all Trusts to have at least three Members, although the DfE recommendation is for Trusts to have at least five members wherever possible.

3. Board of Trustees

The Board has ultimate legal accountability for the Trust and is responsible for Trust policy and strategic decision-making. The Board oversee the management and administration of the Trust and its academies and delegate authority and responsibility to others, including the Executive Headteacher and School Leadership Teams, to undertake the day to day management of the Trust and its academies.

The Trustees act as both Charity Trustees and the Directors of the Company (Spa Education 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 Board are responsible for ensuring that the Trust's funds are used only in accordance with the law, its Articles of Association, its funding agreement and this document. The Board 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. The Board should constantly challenge how effective the organisation is in this respect.

4. Annual Accounts

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

Baxter & Co

It is a condition of the 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.

5. Responsibilities of the Accounting Officer

Each Trust must designate, in writing, a named individual as its Accounting Officer (AO). The individual must be a fit and suitable person for the role. The AO will be the Chief Executive Officer (CEO).

The role of AO must not rotate. The appointment of an AO 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 AO includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament 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 AO must complete and sign a statement on regularity, propriety and compliance each year and submit this to DfE with the audited accounts. The AO 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:

Stephanie Lea

The AO 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 Academies Financial handbook. Similarly, the AO 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 is minded to proceed, despite the advice of the AO, the AO must consider the reasons the Board gives for its decision. If, after considering those reasons the AO still considers that the action proposed by the Board is in breach of the articles, the funding agreement or this handbook, the AO must notify the DfE's Accounting Officer immediately, and in writing. Whilst the Trust's AO 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 CEO, who will perform the role of finance director equivalent.

6. Responsibilities of the Chief Finance Officer

The Chief Financial Officer (CFO) for the Trust is:

Alan Burrows

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).

7. Delivering Assurance

The Trust should manage the 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 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 CFO, or a suitably qualified or experienced member of the finance team, from another academy trust, as an independent reviewer

The Trust has appointed a brought-in internal audit service as part of delivering assurance. This is conducted by:

Strictly Education

The DfE now have a list of **MUSTS** required from academies which are detailed in the [Academy Trust Handbook](#).

8. Disclosure

Irrespective of whether the Secretary of State's approval is required, the Trust 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

9. Register of Interests

All members, trustees, local governors and senior trust employees are required to declare business and pecuniary interests that might affect their ability to make impartial decisions. Such interests must be recorded in a register of interests and published on the Trust website.

These interests are anything that might sway your decision making, or affect your ability to act in an impartial way. For example, if you:

- Are a trustee or governor at another school or charity
- Have any directorships, partnerships and employments with businesses

- Have a personal relationship with any members, trustees, local governors or employees of the trust (e.g. spouse, partner, relative, etc.)

10. Novel & Contentious Payments

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

- Novel payments or other transactions are those of which the Trust has no experience, or are outside the range of normal business activity for the Trust. (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.
- DfE may also need to refer such transactions to HM Treasury for approval and so trusts should allow sufficient time for proposals to be considered.

11. Gifts

The Trust has a separate Gift & Hospitality Policy on the acceptance of gifts, hospitality, awards, prizes or any other benefit, which might be seen to compromise members of staff personal judgment or integrity. 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.

12. Special Payments

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

- 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 DfE's prior approval must be obtained. DfE will also need to refer such transactions to HM Treasury and so the Trust 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 Policy would not be ex gratia.

Ex gratia, transactions must always be referred to DfE 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 DfE.

13. Acquisition and Disposal of Fixed Assets

The Trust must seek and obtain prior written approval from DfE 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

Other than land, buildings and heritage assets, the Trust can dispose of any other fixed asset without DfE'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.

14. 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 DfE's approval for operating leases except for some transactions relating to land or buildings. Trusts must obtain DfE'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 DfE'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.

15. Managing General Annual Grant

Managing Surplus

The DfE have previously set limits on the amount of General Annual Grant (GAG) that could be carried forward by Trusts from year-to-year. These limits have now been removed for eligible 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. The DfE will report to the National Audit Office (NAO) and the Public Accounts Committee (PAC) 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 DfE, whose decision will be final and who can dis-apply the provisions for pooling in this handbook in relation to the multi-academy trust.

16. Statutory Audit

In accordance with the Companies Act 2006, Trusts must:

- Appoint an external 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) produce audited accounts and submit it to the DfE.

In order to gain assurance over the adequacy of financial arrangements governing the use of public funds by Trusts, the Df 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.

17. Investigation of Fraud, Theft and/or Irregularity

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 DfE, 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

The DfE 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 Trust, either as the result of a formal notification from the Trust itself or as the result of other information received. The DfE may involve other authorities, including the police, as appropriate. The DfE 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.

18. Financial Planning, Monitoring and Reporting

The Board must approve a balanced budget for the financial year and must minute their approval. They must submit the budget forecast information to the DfE and ensure that:

- good financial management and effective internal controls are in place
- 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
- receiving monthly monitoring reports that comply with the funding agreement and the Academies Financial Handbook

19. Financial Processes

The Board 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 authorise the BACS payments. The purchase order form must be used for all orders and signed by the Finance Manager. The Executive Headteacher must approve and sign all orders over £10,000. No leases should be entered into without the authorisation of the Executive Headteacher. See (Appendix 1 Lease Policy).

Purchase Invoices

All purchase invoices should be signed as authorised by the Finance Manager for payment. Invoices presented for payment must have a copy of the original purchase order form and any delivery notes attached. Invoices are shown to the Executive Headteacher and the Headteacher's as part of the BACS payment authorisation process.

Electronic Banking & BACS Payments

The Board have approved the use of electronic banking to make payments from the Trust bank account. There are important security issues to consider and adequate internal control procedures need to be in place to minimise risks. Only authorised signatories will be able to request or approve BACS payments. The weekly BACS payment summary print off will be retained by the Trust and signed by the Executive Headteacher, Headteacher's and the Finance Manager.

Staff with access to electronic banking are issued with access cards and card readers. Cards and card readers are stored securely and in separate locations. Leavers are required to return cards and card readers upon termination of employment with the relevant account suspended. Electronic banking should only be used for the following:

- Processing BACS payments
- Viewing information e.g. to assist with monthly bank reconciliations

The current senior staff members with access to electronic banking of Spa Education Trust are:

Banking

All banking is prepared by the Finance Manager 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 Cards & Direct Debits

Authorised users are established as approved by the Executive 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 Finance Manager. The balance of the card is paid in full each month by direct debit. Payments by direct debit are made to companies that request this, or where it is financially preferable. The current credit card holders of Spa Education Trust are:

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. The monthly accounts must be sent to Trustees at least six times a year.

Capital Grants

Bids for capital grants should be submitted using the capital fund request form, and authorised by the Executive Headteacher. All successful bids are presented to the Board for formal approval.

20. Monitoring Arrangements

The Operations Committee is responsible for the implementation of this policy. The policy will be reviewed and approved every year.

Appendix 1: Leasing Policy

Only the Board of Trustees (the Board) have the authority to enter in to a lease agreement. All lease agreements regardless of value require this authorisation.

The following policy guidelines apply:

Trusts must seek and obtain prior written approval from the Secretary of State, via the Department of Education (DfE), 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.

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 a Trust does wish to enter into a lease that requires the Secretary of State's consent, then the trust will need to contact the DfE 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.

Appendix 2: Novel and Contentious Transactions Policy

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

Contentious transactions are those, which might give rise to criticism of the Trust by 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 Department of Education (DfE). 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 DfE for explicit prior authorisation. If there is any doubt about the propriety of a payment an academy trust should ask the DfE 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 (the Board) for approval.

Appendix 3: Debt Recovery Policy

Any money owed to Spa Education Trust (the Trust) has an impact on the accounts and may affect the resources we can provide to our pupils. The Trust will take all reasonable measures to collect debts and to ensure that appropriate procedures are in place. This encompasses all debts owed to the Trust including, but not limited to, payments for goods, services and school meal payments.

A debt will only be written off after all reasonable measures have been taken to recover it. In general payment for all goods and services supplied by the Trust should be collected in advance or 'at the point of sale'.

Procedures

The acceptable period of a debt will be 30 days, which must be stated on invoices and/or charging documents/letters. Any debt outstanding after this period will be dealt with, by the Finance Manager, as follows:

- An invoice should be issued on official Trust headed note paper, for the full amount in order to officially set up the debt
- The first reminder letter will be sent via email
- If, within two weeks of the first reminder letter, payment has not been received, a second reminder letter will be sent followed by a telephone call
- If no response is received following the second reminder letter after a further month, the Trust will send a letter via email, stated as "Final" to the debtor advising them that the matter may be referred for legal action. In such cases, the Trust will seek legal advice on how to proceed.

Dinner Money Debts

Payment for school meals should be paid in advance. However, where meals have been provided and payment has not been received in advance, parents will be contacted and reminded. Every effort will be made to make personal contact with parents via telephone and text messaging when sending reminders.

A log of correspondence and telephone calls and copies of all letters will be kept for audit purposes. No pupil will be refused a school meal.

Negotiation of Repayment Terms

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue payment' reminder.

However, if debtors are unable to pay on time and make requests for 'repayment terms' these may be negotiated at the discretion of the Executive Headteacher. A record of all such agreements entered into will be retained and in all cases, a letter will be issued to the debtor confirming the agreed terms for repayment. Families will be encouraged to pay any outstanding school meal money as soon as possible. Individual circumstances will always be considered and arrangements made for payments to be made over time.

Debt Write Off

All efforts to recover the debt, must have been exhausted, before being considered for write off, including:

- Assessing if all reasonable steps been taken to recover the debt
- Assessing the prospect of recovering the income without significant investment in time or resources e.g. where the value of the debt is less than the cost of recovering it

Dinner Money Debt

The Executive Headteacher may write off debts up to £175 per family which should then be reported to the next Operations Committee meeting for ratification. Any debts above £175 per family should be referred to the Operations Committee for advice and decision to write off. The Executive Headteacher will review individual family circumstances before recommending any related debt is written off.

Other Debts

All other debts regardless of amount shall be referred to the Operations Committee or Board of Trustees (the Board) depending on the value of debt.

A register of all debts written off must be maintained by the Finance Manager.

Reporting of Outstanding Debt

The Finance Manager will ensure that the level of outstanding debt is reported to the Operations Committee in their scheduled meetings. Trustees will review the level of outstanding debts every term to determine whether this level is acceptable and whether action to recover debts is effective.

The system of monthly accounting should ensure that the level of outstanding debt is known at all times. The Finance Manager will inform the Executive Headteacher of outstanding debts on a monthly basis within the accounts.