

Three Counties Academy Trust



MAT Financial Procedures Policy #FI5

Last updated: 01 September 2023

Review Date: 31 August 2024

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Statement of intent

It is important for Three Counties Academy Trust (TCAT) to demonstrate that we use public money appropriately. To ensure that the financial standing of TCAT cannot be brought into disrepute, this policy will be implemented by all academies within TCAT, guaranteeing consistency in financial procedures across the academies. TCAT uses the 'GAG Pooling' mechanism across the trust.

This policy applies to all employees of TCAT, Trustees, Governors, and Members, as well as services and goods sourced from external agencies, such as contractors and caterers.

TCAT takes its responsibility for handling public funds with the utmost importance and strives to continuously provide a high-quality education and safe learning environment, whilst having a strong financial standing.

1. Legal framework

This policy has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:

- Employment Relations Act 1999
- Companies Act 2006
- Equality Act 2010
- The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)
- ESFA (2022) 'Academy trust handbook 2022'
- ESFA (2022) 'Declare or seek approval for related party transactions: summary guidance'
- Data Protection Act 2018
- UK General Data Protection Regulation (UK GDPR)

This policy operates in conjunction with the following TCAT and school policies:

- Teachers' Pay Policy
- Charging and Remissions Policy
- Conflicts of Interest Policy
- Tendering and Procurement Policy
- Gifts, Hospitality and Anti-bribery Policy
- Data Protection Policy
- Anti-fraud and Corruption Policy
- Whistleblowing Policy
- Data and Cyber-security Breach Prevention and Management Plan
- Articles of Association

2. Roles and responsibilities

Responsibilities for different groups and individuals within TCAT are set out in full throughout this policy. This section highlights key responsibilities.

The Members are responsible for:

- Appointing, by special resolution, new Members or removing existing Members
- Appointing Trustees in line with the TCAT's Articles of Association
- Where necessary, by special resolution, issuing direction to the Trustees to take a specific action
- Appointing TCAT's auditors and receiving (but not signing) TCAT's audited annual accounts
- Conducting the business of TCAT in accordance with company and charity law and adhering to TCAT's funding agreement with the Secretary of State

Members will not be employees of TCAT or occupy staff establishment roles on an unpaid voluntary basis.

TCAT will ensure that Members are not currently subject to a section 128 direction and will not appoint anyone as a Member if they are currently subject to a section 128 direction.

The Governing Board is responsible for:

- Applying the highest standards of conduct and governance and taking full ownership of their duties
- Ensuring the Board meets at least three times a year, and conducts business only when quorate
- Approving a written scheme of delegation of financial powers
- Managing conflicts of interests and related party transactions
- Approving a balanced budget for the financial year and minuting the approval
- Ensuring 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
- Appointing an audit and risk committee to advise on the adequacy of TCAT's controls and risks
- Submitting audited accounts to the ESFA by 31 December
- Ensuring an appropriate, reasonable, and timely response is given to findings by auditors

Any newly appointed senior executive leader can only be a Trustee if the members decide to appoint them as such, the senior executive leader agrees, and the Articles of Association permit it.

The Governing Board will appoint a Senior Executive Leader who may be appointed as a Trustee – this will be the Chief Executive or equivalent. The Board will also appoint a named individual as TCAT's Accounting Officer – this will be the Senior Executive Leader. The roles of Senior Executive Leader and Accounting Officer will not rotate.

When the Senior Executive Leader is planning to leave TCAT, the Governing Board will approach TCAT's Regional Director in advance to discuss TCAT's structure and options, including plans for recruitment.

The Accounting Officer is responsible for:

- TCAT's financial affairs
- Sharing the ESFA's 'Letter to academy trust accounting officers' letter with the Members, Trustees, the CFO and other relevant stakeholders, arranging for it to be discussed by the Governing Board and taking action, where appropriate, to strengthen TCAT's financial systems and controls
- Achieving value for money and the best possible educational outcomes through the economic, efficient, and effective use of resources
- Ensuring regularity when dealing with items of income and expenditure in accordance with legislation, the terms of TCAT's funding agreement and the 'Academy Trust Handbook' (ATH), and with TCAT's internal procedures
- Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour, and corporate governance

- Completing and signing a statement of regularity, propriety, and compliance each year and submitting this to the ESFA with the audited accounts
- Keeping full and accurate financial records
- The management of opportunities and risks
- Assuring the Governing Board that TCAT is compliant with the ATH and the funding agreement
- Informing the Governing Board, in writing, of any action or policy under consideration that is incompatible with the terms of the Articles of Association, funding agreement or the ATH
- Informing the ESFA, in writing, where they have advised the Governing Board that they are in breach of the Articles of Association, funding agreement or ATH but the Board has continued with their actions

The CFO is responsible for:

- Acting as the principal Finance Officer for TCAT
- Ensuring that TCAT's financial position is managed at a strategic level within the framework for financial control determined by the Governing Board
- Ensuring that all financial matters focus on the wider needs of TCAT, rather than on any individual academy
- Working with internal auditors to provide assurance to the Audit and Risk Committee and Governing Board
- Ensuring the annual accounts are properly presented and adequately supported by the underlying books and records of TCAT
- Challenging finance staff to ensure that value for money is routinely obtained
- Ensuring effective financial policies are in place across TCAT
- Liaising with the Executive Headteacher/CEO, Headteacher/Head of School and SBM from each academy accordingly regarding financial matters
- Maintaining CPD and undertaking relevant ongoing training

TCAT's Audit and Risk Committee is responsible for:

- Directing TCAT's programme of internal scrutiny and reporting to the Governing Board on the adequacy of TCAT's financial and other controls and management of risks
- Ensuring that risks are being addressed appropriately through internal scrutiny
- Reviewing the external auditor's plan each year
- Reviewing the annual report and accounts
- Reviewing the external auditor's findings and actions taken by TCAT's managers in response to those findings
- Assessing the effectiveness and resources of the external auditor to provide a basis for decisions by TCAT's Members about the auditor's reappointment or dismissal or retendering
- Producing an annual report of the committee's conclusions to advise the Governing Board and Members, including recommendations on the reappointment, dismissal or retendering of the external auditor, and their remuneration

Local Governing Bodies are responsible for:

- Our Scheme of Delegation and Financial Scheme of Delegation reflect our model of GAG Pooling; therefore, Local Governing Bodies have no requirements related to TCAT or school finances or financial procedures covered by this policy

The Governing Board will appoint a Governance Professional to support the Governing Board who is someone other than a Trustee, Headteacher or Executive Headteacher/CEO. The Governance Professional is responsible for ensuring the efficient functioning of the Governing Board by providing:

- Administrative and organisational support
- Guidance to ensure the Governing Board works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences of non-compliance
- Independent advice on procedural matters relating to the operation of the Governing Board
- Administrative and organisational support

The ESFA will be informed within 14 calendar days if TCAT appoints or terminates the contract of:

- An Accounting Officer or CFO, including their contact information
- A Chair of the Governing Board, including their contact information
- A Member or Trustee including their contact information
- An Executive Headteacher/CEO, including their contact information
- A Chair of a Local Governing Board via GIAS
- A Local Governor via GIAS

3. Financial oversight

TCAT takes full responsibility for its financial affairs, stewardship of assets and use of resources to maximise pupils' outcomes.

The Governing Board meets at least three times a year. The Audit and Risk Committee meets at least three times a year. Where the Governing Board meets less than six times a year, it will explain in its governance statement how effective oversight of funds was maintained with fewer meetings.

The Governing Board does not delegate overall responsibility for TCAT's funds. The Governing Board approves a written scheme of delegation of financial powers that maintains robust internal controls. This scheme of delegation is reviewed annually, and immediately when there has been a change in TCAT's management or organisational structure.

The Governing Board delegates financial scrutiny and oversight to the Finance Committee, which can support the Governing Board in maintaining TCAT as a going concern.

Constituent academies joining TCAT will be asked to complete a financial management and governance self-assessment.

4. Budget setting

The budget is a working document which may need revising throughout the year as circumstances change. Any significant revisions will be reported to the Audit and Risk Committee and the Local Governing Boards, as well as the Governing Board.

The budget planning process follows an annual planning cycle and consists of the following four phases:

- Planning
- Budget setting
- Monitoring
- Review

The budget process takes the following elements into account:

- Forecasts of likely pupil numbers to estimate the amount of DfE grant available
- Review of other income sources
- Review of past performance against budgets
- Identification of potential efficiency and budget containment actions
- An annual review of expenditure headings to reflect known changes and expected variations in costs, such as pay increases, inflation, or other anticipated changes

When reviewing and approving budgets for TCAT, the Governing Board ensures the following:

- That budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions and are reflective of lessons learned from previous years
- That pupil number estimates are challenged and that these underpin revenue projections, and review these on a termly basis
- An integrated approach to curriculum and financial planning is taken

Each academy within TCAT will have an independent budget for certain areas of expenditure and an overall budget which will be managed by the Central Finance Office under the CFO.

A balanced budget for the forthcoming financial year will be approved by the Governing Board, and this approval will be minuted. The annual budget will reflect the best estimate of the resources available to TCAT for the forthcoming year and will detail how those resources will be utilised, establishing clear links to support the objectives identified in TCAT and school improvement plans.

Both medium-term and short-term financial plans are prepared for TCAT and each of the academies in the trust. The medium-term plan indicates how the educational aims and other objectives of TCAT, and each academy are going to be achieved within the expected level of resources over the next three years.

The improvement plan provides the framework for the annual budget.

Draft budgets will be presented to the Audit and Risk Committee, as well as to the Executive Headteacher/CEO, CFO and Governing Board, together with a supporting report for approval

of the Governing Board. Once budgets are agreed, this will be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

The Governing Board will notify the ESFA within 14 calendar days of proposing to set a deficit revenue budget.

5. Budget management and monitoring

To implement a smooth-running planning process, the CFO will create a budget timetable which outlines important dates, such as when information will be collected, including salary information and estimated budget allocation.

A continuous review of the aims and priorities of the strategy will be undertaken based on the monitoring and analysis of performance.

The SBMs under direction of the CFO are responsible for monitoring income and expenditure in their areas of responsibility throughout the year.

A three-year budget forecast will be prepared when the budget for the current financial year is being set.

The CFO will prepare monthly management accounts, setting out TCAT's financial performance and position and including an income and expenditure account, variation to budget report, cash flow information and balance sheet. The accounts will be shared with the Chair of the Governing Board and the Chair of the Finance Committee every month and with other Trustees six times a year, even if they do not meet in each of those months.

The Governing Board will consider the management accounts when it meets and will ensure appropriate action is being taken to maintain financial viability. The Governing Board will select key financial performance indicators and measure its budgetary performance against these regularly.

Any potential overspend against the budget will be discussed with the CFO before receiving approval.

The monitoring process will be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. The Audit and Risk Committee will continually monitor the quality of the financial information presented to them to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

TCAT will submit a budget forecast return (BFR) to the ESFA. TCAT's budget forecast return outturn information will be included in the budget forecast return, which covers:

- September 23 to March 24 and April 24 to August 24
- September 24 to March 25 and April 25 to August 25
- Summary forecasts for September 25 to August 26
- Summary forecasts for September 26 to August 27

The returns will be approved by the Governing Board before submission to the ESFA.

Where the Governing Board has concerns about TCAT's financial performance, it will act quickly to ensure TCAT has adequate financial skills in place and consider whether additional financial reporting is required.

6. Cash management

TCAT has robust procedures in place to manage its cash position and will avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.

The SBMs and the CFO will prepare cash flow forecasts to ensure that TCAT has sufficient funds available to cover day-to-day operations. The SBMs will record all transactions regarding cash flow and the CFO will record transactions for TCAT. When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds.

All cheques and other instruments authorising withdrawal from any of TCAT's bank accounts will bear authorising signatures or electronic signatures in line with the scheme of delegation. The Executive Headteacher/CEO is the authorising signatory in an academy, unless otherwise delegated.

Debit cards linked to a TCAT bank account are issued to personnel under the scheme of delegation to pay for goods and services when the normal ordering processes are not possible. The procurement of goods and services using debit cards will be kept to a minimum and monitored by TCAT's CFO. Payment via debit or credit card requires the same authorisation as that of cheques.

A petty cash tin is kept at each academy within TCAT, which is the responsibility of the SBMs, with the maximum amount of £200.00 per academy being stored in the tin. The SBM is responsible for the management of petty cash and will:

- Ensure petty cash is held securely
- Make reimbursements only on the Reimbursements to Individuals Form
- In exceptional circumstances, make cash available to staff in advance of a receipt being available for items under £20.00
- Reconcile petty cash monthly
- Make the petty cash available for checking at any time
- Record all petty cash transactions

In the interests of security, petty cash payments will be limited to £35.00. Higher value payments will be made via online banking or cheque.

A petty cash voucher will be completed and submitted to the SBM / or Headteacher/Head of School for primaries for processing before petty cash is received. Valid receipts for all goods purchased will be attached. The SBM/ or Headteacher/Head of School in primaries will be available each day to reimburse petty cash expenses and the recipient will sign a petty cash form to acknowledge receipt.

Details of monies held in the safe will reflect balances shown in the cash book.

7. Purchasing, procurement and returns

TCAT will ensure:

- Spending has been for the purpose intended and there is probity in the use of public funds
- Spending decisions represent value for money
- Internal delegation levels exist and are applied
- Professional advice is obtained where appropriate

All academies within TCAT will act in accordance with TCAT's Tendering and Procurement Policy and comply with the procurement rules and thresholds in The Public Contracts Regulations 2015 and Find a Tender service.

TCAT uses the DfE's deals for schools' service where possible.

Full details of TCAT's procurement processes are outlined in the Tendering and Procurement Policy.

8. Income and expenditure

When allocating funding, the Governing Board will consider the funding needs and allocations of each academy within TCAT. Headteachers of constituent academies can appeal any funding allocation decisions to the Governing Board where there is a Headteacher in place. If, after this appeal, the situation is not resolved, the Headteacher can make an appeal to the ESFA.

The CFO monitors the receipt of grants, ensuring that all grants due to the academies within TCAT are appropriately collected.

TCAT collects income from parents via a number of methods including, but not limited to, the following:

- School meals
- Trips and residential visits
- uniform
- Additional nursery places
- Breakfast and after school club lettings
- Reimbursements from various activities

There are two main areas of expenditure:

- **Salaries** – this forms the largest element of expenditure. Salaries of all staff members will be reviewed on an annual basis by the Executive Headteacher/CEO, with effect from 1 September and no later than 31 October. Pay review recommendations are then given to the Local Governing Board or Governing Board in line with the scheme of delegation for discussion and authorisation. The Audit and Risk Committee confirms pay awards, incremental progression, and performance-led pay increases, all of which the CFO will cost, using known figures and estimates, when preparing the draft budget
- **Premises maintenance** – a combination of maintenance surveys and historical costs will form the basis for planned maintenance. The CFO will incorporate an allowance

for unexpected contingencies, as well as for any small new works which may be proposed in-year. Staff members will follow the procedure outlined in the Staff Handbook when requesting maintenance of premises or new work.

Each SBM will keep an up-to-date record of the income and expenditure for their area of responsibility.

Each SBM will bank the entirety of any money collected in return for goods or services, such as a school trip, in the appropriate bank account.

Each SBM is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. Reconciliations will be prepared promptly following the banking of money and will be reviewed and certified by the CFO.

TCAT's funds will not be used to purchase alcohol for consumption, except where it is to be used in religious services.

9. Investments

Where the Governing Board wishes to make investments to further the TCAT's charitable aims, it will ensure that investment risks are properly managed. When considering an investment, the Governing Board will:

- Act within its powers to invest as set out in the Articles of Association
- Act in line with TCAT's Reserves and Investment Policy and review this policy on a regular basis
- Ensure value for money
- Take advice from professional advisers where appropriate
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation
- Ensure investment decisions are in the best interests of TCAT

Prior approval will be sought from the ESFA before all investment transactions that are novel, contentious and/or repercussive, regardless of value.

10. Borrowing and debt

Prior approval will be obtained from the ESFA before borrowing from any source, where such borrowing will be repaid from grant monies or secured on assets funded by grant monies.

Credit cards will only be used for business expenditure. Payment via credit card requires the same authorisation as that of cheques. Credit card balances will be cleared before any interest accrues.

TCAT will prepare and monitor financial plans to ensure ongoing financial health.

TCAT will disclose aggregate figures for transactions of any amount and separate disclosure for individual transactions above £5,000 in its audited accounts for writing off debts and losses, as well as guarantees, letters of comfort and indemnities.

The CFO will contact individuals of any outstanding debts owed after 45 days of the notification of payment, e.g., an invoice being sent. The CFO/SBM will issue payment reminders to any non-payments at the following intervals:

- 6 weeks from the invoice being sent – first reminder
- 10 weeks from the invoice being sent – second reminder
- 12 weeks from the invoice being sent – final reminder

If, after the final reminder is sent, payment is not received in full, the CFO will send a letter informing the individuals that if TCAT does not receive payment within 14 days, they will refer the matter to a small claims court.

Debts will not be written off without the express approval from the Governing Board. TCAT will also obtain prior approval from the ESFA where it wishes to write off debts and losses, enter into guarantees or letters of comfort, and/or indemnities which are not in the normal course of business, where the following delegated limits apply:

- 1 percent of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 2.5 percent of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction
- Cumulatively, 5 percent of total annual income in any financial year per category

The CFO will keep accurate records of the debt process, including:

- Logging invoices and receipts on TCAT's accounting system
- Keeping any emails pertaining to debt collection for three months after the payment has been made
- Keeping emails of payment notifications, ensuring each email clearly states the number of the reminder and the date it was sent

11. Fixed assets

TCAT will obtain prior approval from the ESFA for the following transactions:

- Acquiring a freehold of land or buildings
- Disposing of a freehold of land or buildings
- Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the TCAT's funding agreement for the disposal of assets generally

Other than the transactions outlined above, TCAT does not need the ESFA's approval to dispose of any other fixed assets.

Any disposal will maintain the principles of value for money, regularity, and propriety.

The Governing Board will refer to the DfE's 'Good estate management for schools' guidance to help them to manage capital assets and budgets.

12. Leasing

For the purpose of this policy, there are two types of lease:

- Finance lease – a form of borrowing
- Operating leases – not a form of borrowing

TCAT will obtain prior approval from the ESFA for the following lease transactions:

- Taking up a finance lease on any class of asset for any duration from another party, which are subject to borrowing restrictions
- 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

Any lease will maintain the principles of value for money, regularity, and propriety.

13. Gifts

The value of any gifts will be reasonable and within the limits set out in the Gifts, Hospitality and Anti-Bribery Policy.

The decision to make gifts will be documented and have regard to propriety and regularity.

The Gifts, Hospitality and Anti-Bribery Policy sets out TCAT's procedures relating to the acceptance of gifts, hospitality, awards, prizes, and any other benefit that might be seen to compromise the judgement or integrity of TCAT.

14. Related party transactions

All academies within TCAT will act in accordance with the Conflicts of Interest Policy.

TCAT will be even-handed in their relationships with related parties by ensuring:

- Compliance with their statutory duties to avoid conflicts of interest, benefits are not accepted from third parties, and interests in proposed transactions or arrangements are declared
- A Declared Conflicts of Interest Register has been completed
- No member of TCAT uses their connection to TCAT for personal gain
- All payments are permitted by the Articles of Association or by authority from the Charity Commission
- The Charity Commission approves payments to a Trustee where there is a significant advantage to TCAT
- Any payment provided to the persons referred to in the 'At-cost requirements' section of this policy satisfies the 'at cost' requirements

All transactions with related parties will be reported to the ESFA in advance of the transaction taking place. This applies to transactions made on or after 1 April 2019.

The Governing Board will ensure procedures pertaining to related party transactions are applied across the MAT. The Governing Board and Accounting Officer will manage personal

relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with 'The Seven Principles of Public Life'.

The Chair of the Governing Board and the Accounting Officer will ensure their capacity to control and influence does not conflict with requirements.

TCAT recognises that some relationships with related parties may attract greater public scrutiny, such as the following:

- Transactions with individuals in a position of control and influence, including the Chair of the Governing Board and the Accounting Officer
- Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
- Relationships with external auditors beyond their duty to deliver a statutory audit

TCAT will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.

TCAT will report all related party transactions made on or after 1 April 2019 to the ESFA in advance of the transaction taking place. TCAT will obtain prior approval from the ESFA for related party transactions that are novel, contentious and/or repercussive, regardless of value, using the ESFA's enquiry form.

For the purpose of reporting to, and approval by, the ESFA, related party transactions do not include salaries and other payments made by the MAT to a person under a contract of employment through TCAT's payroll.

Before completing the ESFA's online form, all the information outlined below will be collected, as it is not possible to partially complete the form and return to it later.

To create a record for the supplier, the following information is required:

- The name of the supplier
- The supplier's address
- The supplier's company number which can be found using the Companies House website (for limited companies)
- The statement which best describes the relationship between the supplier and TCAT
- Confirmation that the supplier is listed in TCAT's Declared Conflicts of Interest Register
- Confirmation that TCAT has a statement of assurance from the supplier
- Confirmation that TCAT has an open-book agreement with the supplier

The following information will be provided about the related party transaction:

- A short description of the goods or service
- Details of the proposed cost
- The start and end date of any contract or agreement

When seeking approval for a related party transaction, the following evidence will be provided:

- How TCAT agreed to the related party transaction
- That TCAT followed its Tendering and Procurement Policy
- That TCAT tested the market before making a decision
- How TCAT has managed any conflicts of interest

Declared Conflicts of Interest Register

All business and pecuniary interests will be recorded on the Declared Conflicts of Interest Register, including:

- Directorships, partnerships, and employments with businesses
- 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 Declared Conflicts of Interest Register will identify any relevant material interests from close family relationships between TCAT's Members, Trustees or Local Governors. Relevant material interests arising from close family relationships between these individuals and employees will also be identified.

The Declared Conflicts of Interest Register will be kept up to date at all times and amended when any new interests are declared.

The relevant business and pecuniary interests of Members, Trustees, Local Governors, and the Accounting Officer will be published on TCAT's website.

'At cost' requirements

TCAT will not pay more than 'cost' for goods or services provided by the following:

- Any Member or Trustee of TCAT
- Any individual or organisation related to a Member or Trustee of TCAT, namely:
 - A relative of a Member or Trustee: defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse, or civil partner
 - An individual or organisation conducting business in partnership with the Member, Trustee or a relative of the Member or Trustee
 - A company in which a Member or the relative of a Member (taken separately or together), and/or a Trustee or the relative of a Trustee (taken separately or together), holds more than 20 percent of the share capital or is entitled to exercise more than 20 percent of the voting power at any general meeting of that company
 - An organisation which is controlled by a Member or the relative of a Member (acting separately or together), and/or a Trustee or the relative of a Trustee (acting separately or together) – an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes

- Any individual or organisation given the right under the TCAT's Articles of Association to appoint a Member or Trustee of TCAT, or anybody connected to the individual or organisation
- Any individual or organisation recognised by the Secretary of State as a sponsor of TCAT, or anybody connected to the individual or organisation

A body is connected to an individual or organisation if it is controlled by the individual or organisation, controls the organisation, or is under common control with the individual or organisation, namely any of the following:

- Holding a greater than 20 percent capital share or equivalent interest
- Having the equivalent right to control management decisions of the body
- Having the right to appoint or remove a majority of the Governing Board

'At cost' requirements do not apply to TCAT's employees unless they are employed by one of the parties outlined in this section. 'At cost' requirements apply to contracts for goods and services from a related party agreed on or after 7 November 2013. 'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes TCAT's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

If any of the parties outlined in this section are based in, or work from, TCAT's premises, TCAT will agree an appropriate sum to be paid to TCAT for use of the premises, unless the party is conducting work on behalf of TCAT.

'At cost' requirements apply to legal advice or audit services when the organisation's partner directly managing the service is a Member or Trustee of TCAT, but not in other cases.

The cost will be the full cost of all the resources used in supplying the goods or services and will not include any profit. Full cost includes:

- All direct costs – the costs of any materials and labour used directly in producing the goods or services
- Indirect costs – a proportionate and reasonable share of fixed and variable overheads

15. Payroll

All payroll transactions relating to TCAT staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made through any other mechanism.

Each academy within TCAT will act in accordance with the Teachers' Pay Policy and Support Staff Pay Policy.

The main elements of the payroll system include staff appointments, payroll administration and payments. Payroll is notified of any staff absence using the absence recording system.

The Executive Headteacher/CEO and CFO are responsible for ensuring that:

- Payments are made only to bona fide employees
- Payments are in accordance with individuals' conditions of employment

- Deductions, including income tax, national insurance, and pensions, are properly administered
- Payments are made only in respect of services provided to the academy
- Amendments to the payroll are properly processed

The SBM, in collaboration with the admin officer and at the direction of the CFO, is responsible for keeping the staff personnel database up to date via the designated recording system. This will include the following information about staff members:

- Salary
- Bank account details
- Taxation status
- Personal details
- Any deductions or allowances payable

During the Spring term each year, TCAT SLT will review staffing requirements for the following academic year and propose any changes. These proposals will be reviewed and approved by the Audit and Risk Committee.

The Audit and Risk Committee is responsible for authorising the following salary changes:

- Pay awards for support staff
- Staffing structure changes
- Performance-related pay progression

The CFO will randomly select one employee each month and check the calculation of gross to net pay, to ensure that the payroll system is operating correctly.

Payroll is continuously monitored and reviewed by the CFO to ensure any changes have been implemented correctly and the information is up to date.

Payslips will be produced on a monthly basis and administered to employees via secure email, via Hoople epay process on the 26th of each month.

Executive pay

The Governing Board will ensure that executive pay (including salary and any other benefits), follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual will be involved in deciding their salary.

The Governing Board will discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate, and justifiable, including:

- **Process** – that the procedure for determining executive pay and benefits is agreed by the Governing Board in advance and documented. The Governing Board ensures that both pay and benefits are kept proportionate
- **Independence** – decisions about executive pay and benefits reflect independent and objective scrutiny by the Governing Board and conflicts of interest are avoided
- **Robust decision-making** – factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been considered

- **Proportionality** – pay and benefits represent good value for money and are defensible relative to the public-sector market
- **Commercial interests** – the Governing Board is sighted on broader business interests held by senior executives, and is satisfied that any payments made by TCAT to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction
- **Documentation** – the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained
- A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term
- Understanding that inappropriate pay and benefits can be challenged by the ESFA, particularly in any instance of poor financial management of TCAT

TCAT publishes on its website, in a separately readily accessible form, the number of employees whose benefits exceeded £100,000, in £10,000 bandings for the previous year ended 31 August. Benefits for this purpose include salary, TCAT's pension contributions, other taxable benefits, and termination payments., but not the TCAT's own pension costs. For employees who are Trustees, their salary and other benefits will also be disclosed in £5,000 banding in the TCAT's financial statements.

Where TCAT has entered into an off-payroll arrangements with someone who is not an employee, the amount paid by TCAT for that person's work will also be included in the website disclosure where payment exceeds £100,000, as if they were an employee.

16. Charging and remissions

The Governing Board is responsible for creating a Charging and Remissions Policy. Each academy will act in accordance with TCAT's Charging and Remissions Policy at all times.

Charging is permitted for education provided out of school hours, unless it is within the requirements of the national curriculum or to fulfil statutory duties relating to RE.

The Governing Board, in conjunction with the Audit and Risk Committee, can choose to remit charges wholly or in part.

TCAT may charge parents for the cost to replace items broken, damaged or lost if it is due to pupil behaviour. Payments for activities will be processed and recorded by the SBM. The SBM is responsible for ensuring that the correct invoices are sent to parents, and that payment is received.

The Audit and Risk Committee will review the Charging and Remissions Policy annually, seeking advice from the CFO where necessary.

17. VAT procedures

TCAT, and the academies within it, are registered for VAT and are entitled to reclaim most of the VAT it pays on invoices.

Under legislation, VAT claims can be made on expenditure which supports the TCAT's core business purposes.

A report is run for each of the academies within TCAT by the CFO / SBM, to provide the data necessary for the completion of the VAT reclaim form. VAT is reclaimed monthly. Only one return for TCAT is required by HMRC; however, individual academies are required to produce their own return.

TCAT is eligible to reclaim most of the VAT it pays on invoices from HMRC. Any invoices for which VAT cannot be reclaimed, as the purchases were for business activity, are identified and deleted.

Where invoices relate partly to business activity and partly to non-business activity, only the proportion of the VAT relating to the non-business activity will be reclaimed.

TCAT will not recoup the VAT element of journeys in the UK or abroad which are identified in invoices unless TCAT is making substantial and direct cash subsidies for each pupil.

Reclaimed VAT will not be debited to the individual academies, but to the VAT control account of TCAT.

On receipt of the reclaimed VAT from HMRC, the CFO/SBM will review the remittance, confirm whether this equals the claim made and sign the remittance to confirm this agreement.

18. Risk management

TCAT will maintain a risk register and manage risks to ensure its effective operation, including contingency and business continuity planning.

The Governing Board will take overall responsibility for risk management, including ultimate oversight of the risk register, while drawing on advice provided to it by the Audit and Risk Committee. The Governing Board will review the risk register at least annually.

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

TCAT will have adequate insurance cover in compliance with its legal obligations or will become a member of the academies risk protection arrangement.

TCAT will cooperate with risk management auditors and risk managers and will implement any reasonable recommendations made to them.

19. Special payments

For the purpose of this policy, special payments include:

- Staff severance payments
- Compensation payments
- Ex gratia payments

Where TCAT considers making a staff severance payment above statutory or contractual entitlements, the following factors will be considered prior to making the commitment:

- The proposed payment is in the interest of TCAT
- The payment is justified, based on legal assessment of the chances TCAT will successfully defend the case at employment tribunal
- The level of settlement is less than the legal assessment of what the relevant body will award

Under no circumstances will TCAT make severance payments where the money could be interpreted as a reward for insubordination or failure.

Where TCAT is considering a severance payment equal to or greater than £50,000, TCAT will seek prior approval from the ESFA. The ESFA will refer the transaction to HM Treasury so TCAT will allow sufficient time for this to be considered. Value for money will be shown for all severance payments.

TCAT will also obtain prior approval from the ESFA before making a special staff severance payment where:

- An exit package which includes a special severance payment is at, or above, £100,000
- The employee earns over £150,000

Compensation payments will take account of the facts of the matter ensuring value for money is achieved. For compensation equal to or greater than £50,000, prior approval from the ESFA will be sought.

TCAT will consider whether cases reveal concerns pertaining to the effectiveness of internal control.

Ex gratia payments will always be referred to the ESFA for approval.

20. Annual accounts

TCAT will maintain accounting records and prepare an annual report and audited accounts in line with the Charity Commission's Statement of Recommended Practice and the ESFA's 'Academies Accounts Direction'.

The audited accounts will be:

- Submitted to the ESFA by 31 December each year
- Published on the TCAT's website by 31 January
- Filed with Companies House in accordance with company law requirements, usually by 31 May
- Provided to every Member (under the Companies Act)
- Provided to anyone who requests a copy

All copies of the accounting audit will be stored and filed securely, in line with the TCAT's Data Protection Policy.

21. Auditing

TCAT will follow a tiered approach to internal control, risk management and assurance processes comprising:

- Clearly communicated procedures, structures, and training of staff
- Appropriate day-to-day supervision and checks by management
- Internal scrutiny overseen by an Audit and Risk Committee
- External audit and assurance

Internal scrutiny

Internal scrutiny will be conducted within TCAT and directed by the Audit and Risk Committee, alongside the work of an external auditor, to provide independent assurance to the Governing Board that its financial and other controls, and risk management procedures, are operating effectively.

Internal scrutiny will focus on:

- Evaluating the suitability of, and level of compliance with, financial and non-financial controls, including assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed
- Offering advice and insight to the Governing Board on how to address weaknesses in financial and non-financial controls
- Ensuring all categories of risk are being adequately identified, reported, and managed

The programme of internal scrutiny will be covered by a scheme of work, driven, and agreed by the Audit and Risk Committee, and informed by risk. The programme of work will be spread appropriately over the year to ensure higher risk areas are reviewed in good time.

With reference to its risk register, TCAT will identify on a risk basis the areas it will review each year and modify its checks accordingly.

Internal scrutiny will take account of output from other assurance providers to inform the programme of work. Independence in internal scrutiny will be achieved by establishing appropriate reporting lines whereby those carrying out checks report directly to a committee of the Governing Board.

Internal scrutiny will be kept under review and if any changes in size, complexity or risk profile become apparent, TCAT will consider whether its approach remains suitable.

TCAT will confirm, in its governance statement, the method(s) it uses for internal scrutiny and why these are used.

TCAT may also use other individuals or organisations where specialist non-financial knowledge is required. Where this is done, TCAT will reflect the individual's or organisation's findings, recommendations, and conclusions as part of the summary document submitted to the ESFA.

Findings arising from internal scrutiny will be used to inform the Accounting Officer's statement of regularity in the annual accounts.

Regular reports of the programme of work will be provided at each Audit and Risk Committee meeting, including recommendations to enhance financial and other controls and risk management.

TCAT will submit its annual summary report of the areas reviewed, key findings, recommendations, and conclusions to the ESFA by 31 December each year when it submits its audited annual accounts. If requested, TCAT will also provide any other internal scrutiny reports.

External auditing

TCAT will appoint an external auditor to give an opinion on whether its annual accounts present a true and fair view of TCAT's financial performance and position.

The contract with the external auditor will be in writing and be accompanied by a letter of engagement that only covers the details of the external audit including the requirements of the DfE. The letter of engagement will also include details of the removal of external auditors, before the expiry of the term of office, in exceptional circumstances. There will be a separate letter of engagement for additional services beyond the prescribed audit.

TCAT will retender its external audit contract at least every five years.

The Governing Board will notify the ESFA immediately of the removal or resignation of the auditors.

The Accounting Officer will produce a statement on regularity, propriety, and compliance and this will be included in TCAT's annual accounts. The statement on regularity, propriety and compliance will include a responsibility to ensure that:

- There is efficient and effective use of resources in their charge
- Public money is spent for the purposes intended by parliament
- Appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control

TCAT will respond promptly, reasonably, and appropriately to any findings by the auditors.

22. Record keeping

All financial transactions of TCAT are recorded including, but not limited to, the following:

- Purchases and tenders
- Returns
- Payroll
- Cash flow
- Income and expenditures
- VAT returns

The CFO is responsible for keeping up-to-date records of TCAT's financial state. The SBM is responsible for keeping up-to-date records in relation to the finances of their areas of responsibility as directed by the CFO.

Records will include the following information:

- Income and expenditure; identifying which transactions were cheques and which were cash payments
- The income and expenditure for each activity, with the activity recorded as a budget heading
- A balance sheet which identifies total income, expenditure, and the balance for each budget heading
- The total income and expenditure for the year
- The balance and carry forward from the previous year
- Identified profit and loss – any causing concern is investigated

Each academy has its own set of financial records for day-to-day operational purposes and budget management.

A record will be kept of all the monies kept on the premises prior to banking, as well as the amount which is kept as petty cash. All financial records will be kept securely in the TCAT's Finance Office.

Third party access rights

The ESFA or its agents may carry out audits and investigations at TCAT. TCAT will provide the ESFA with access to all books, records, information, explanations assets, premises, and staff, and the ESFA may take copies of relevant documents.

Where the ESFA has concerns about financial management and/or governance at TCAT, it may wish to obtain from third parties' information or documentation about TCAT which the ESFA considers relevant for the purposes of its investigation. TCAT will provide the ESFA with written authority giving permission for any third party to provide such information to the ESFA or its agents.

23. Notices to improve

Where the ESFA has concerns about TCAT's financial management and/or governance and has issued a Notice to Improve (Ntl), TCAT will comply with this notice.

The ESFA will notify TCAT of the date of which it published the Ntl.

TCAT will publish any Ntl issued by the ESFA on its website within 14 days of it being issued and retain this on the website until it is lifted by the ESFA. If a Ntl is issued, TCAT will seek prior approval from the ESFA for all transactions outlined in section 19 specifically:

- Special staff severance payments
- Compensation payments
- Writing off debts and losses
- Entering into guarantees, indemnities, or letters of comfort

- Disposals of fixed assets beyond any limit in the funding agreement
- Taking up a leasehold or tenancy agreement on land or buildings of a duration beyond any limit in the funding agreement
- Carrying forward of unspent general annual grant (GAG) from one year to the next beyond any limit in the funding agreement
- Pooling of GAG

Where required, TCAT will seek prior approval from the ESFA before entering into transactions with related parties. TCAT will submit additional information, such as monthly income and expenditure accounts, if required by the ESFA.

24. Whistleblowing and fraud

TCAT puts proportionate controls in place to mitigate the risks of fraud, theft, and irregularity, e.g., regular inspections addressing risks, and implements an Anti-Fraud and Corruption Policy.

Where instances of fraud, theft or irregularity are suspected or identified the Governing Board will investigate it promptly and should any evidence of fraud be found, they will take appropriate action.

In any instance of fraud, theft, or irregularity whereby the amount defrauded comes to a total exceeding £5,000 in a financial year, the Governing Board will report it to the ESFA as soon as they become aware of it.

When reporting to the ESFA on instances of fraud, theft or irregularity, TCAT will include the following information:

- Full details of the event(s) with all key dates
- The financial value of the loss
- The measures taken by TCAT to prevent recurrence
- Whether the matter was referred to the police and if not, the reasons why
- Whether the insurance or the risk protection agreement have offset any loss

If a member of staff suspects their colleagues are involving them in matters of fraud, they have a duty, as an employee of TCAT, to raise suspicions to a member of the TCAT Central Team. Reports of fraud will be treated in a fair and unbiased manner.

If the report of fraud is against a member of the TCAT Central Team, the member of staff can go directly to the Chair of the Governing Board.

The TCAT Central Team will be responsible for the initial enquiries of fraud, theft, or irregularity – they will then pass on their findings to the Governing Board for further inspection.

Upon receiving the TCAT Central Team's initial findings, the Governing Board will:

- Determine whether further investigation is warranted
- Determine the initial response to the alleged perpetrator when this is a member of school staff
- Determine who will carry out the investigation

- Determine which outside agencies will be involved
- Assess the risk of the fraud and the perpetrator to the academy
- Determine to whom day-to-day management of the response will be given
- Allocate responsibility for damage limitation action
- Determine the course of action to recover losses
- Determine the course of action to be taken against the perpetrator
- Evaluate the events which enabled the fraud to occur
- Ensure preventative action is taken to prevent recurrence
- Report to the ESFA any instances of fraud, theft or irregularity exceeding £5,000 individually, or £5,000 cumulatively in the financial year

TCAT's Whistleblowing Policy outlines the procedures to follow in the event of a report being made by a member of staff, as well as the appeals process and what can be done in the event of a whistle-blower being treated unfairly.

The Executive Headteacher/CEO will ensure all their staff are aware of the Whistleblowing Policy, ensuring that they understand the process of reporting a concern and what they can expect once they have brought a concern to the attention of the academy.

All concerns raised by whistle-blower's are responded to properly and fairly in line with the Whistleblowing Policy.

TCAT's Whistleblowing Policy is published on the TCAT website.

25. Cyber-crime

TCAT is aware of the risk of cyber-crime and will implement its Cyber-Security Policy and Cyber Response and Recovery Plan across the trust.

Proportionate controls will be put in place to manage risks and appropriate action will be taken where a cyber-security incident has occurred.

TCAT will obtain permission from the ESFA to pay any cyber-ransom demands and understands that the ESFA supports the National Crime Agency's recommendation not to encourage, endorse or condone the payment of ransom demands.

26. Monitoring and review

This policy will be reviewed in line with the published schedule at the front of this document and at any point material changes require it by the Executive Headteacher/CEO and the CFO in conjunction with the Finance and Audit Committee and the Governing Board. Any changes made to the policy will be amended by the Executive Headteacher/CEO and will be communicated to all members of staff.

The next scheduled review date for this policy is 31st August 2024.

Signed by:

_____	Executive Headteacher/CEO	Date: _____
_____	Chair of Governing Board	Date: _____

Schedule of revisions

[illegible]