Eastwood Park Academy Trust

EPAT

Believe Succeed Together

Financial Regulations

Author's Name:	Mrs. S. Freeman
Date Reviewed	June 2022
Date Ratified by Trust	July 2022

These regulations are based on a template provided by the Education Funding Agency (EFSA) and supplemented by local circumstances whilst maintaining the integrity of the principles on which the regulations are based. They should be read in conjunction with the ESFA Academy Trust Handbook 2021 and the Funding Agreement.

,

Contents

Summary of Authorisation Limits as included in the body of these Regulations 3
Summary of Roles and Responsibilities 5
Introduction 7
Organisation 7
The Accounting Officer / CEO 8
The Trust Finance Officer 9
Development Plan 9
Financial Planning 10
The budget cycle 10
Budget 10
Other Government Funding 11
Other Grants and specific funding 11
Funds held in Trust or as Custodian Trustee 12
Virements 12
Revised Budget 12
Monitoring and review (including management accounts) 12
Internal Scrutiny & Independent checking procedures 13
Review of regularity 14
Review of Internal Controls 14
Annual accounts 14
Value for money statement 15
Audit arrangements 15
Work undertaken during accounting period 15
Work undertaken for the year end 15
Accounts Return 16
Document retention 16
Accounting system 16
System Access 16
Back-up Procedures 16
Transaction processing 17
Transaction reports 17
Reconciliations 17
Cash Management - Bank Accounts 17
Deposits 18
Payments and withdrawals 18
Inter Academy Transactions 18
Administration 19
Petty Cash 19
E-procurement & Payments 20
BACS Payments 20
Investments 20
Reserves 21
Capital Reserves 21
Payroll 21
Staff Appointments 21
Payroll Administration 21
Payments 22
Salary advances 22
Overtime 22
Tax Arrangements for Senior Employees 23

Payments to Individuals 23
Mileage and Subsistence Allowances 23
Special Payments - Staff Severance, Compensation and Ex Gratia Payments 24
Income 25
School Trip Income 25
Catering Income 26
Lettings 26
Gift aid 27
Bad debts 27
Purchasing 28
Emergency Purchasing 28
Routine Purchasing 28
Rolling Maintenance 29
Contracts 29
E-procurement 29
Orders 30
Orders over £1,000 (£2,500 building works) but less than £29,999 31
Orders over £30,000 31
Official Journal of the European Union 31
Trading with related and connected parties 31
Goods and services for private use 32
Forms of Tenders 32
Preparation for Tender 33
Invitation to Tender 33
Tender Acceptance Procedures 34
Tender Opening Procedures 34
Tendering Procedures 34
Insurance 34
Members/Trustees/Local Governors Expenses 35
Gifts 35
Energy Management 36
Fraud 36
Whistleblowing 36
Leasing 36
Pooling of GAG 37
VAT 37
Fixed assets 37
Asset register 37
Security of assets 38
Disposal of Assets 38
Loan of Assets 39
Southend West School Sports Partnership "Sports Hub" 39
Appendix A Declaration of Business Interest Form 40
Appendix B Finance, Risk & Audit Committee - Terms of Reference 44
Appendix C The Role of the Responsible Officer 46
Appendix D Virement Approval Form 48
Appendix E EU Procurement Thresholds from 01/01/2018 49

Summary of Authorisation Limits as included in the body of these Regulations

Expenditure Limits	
Academy Principal	Up to £30,000
	Between £30,001 and £49,999 subject to the Chair of the Finance, Risk & Audit Committee being made aware of and approving the expenditure.
Finance, Risk & Audit Committee	Over £50,000
Severance Payment	
CEO	Up to £10,000 gross (non-contractual / non-statutory)
Pay Committee	Between £10,001 and £49,999 gross (non-contractual / non-statutory)
ESFA	On or over £50,000 gross (non-contractual / non-statutory)
Virement Limits	
Academy Principal	Up to £30,000
	Between £30,001 and £49,999 subject to the Chair of the Finance, Risk & Audit Committee being made aware of and approving the virement.
Finance, Risk & Audit Committee	Over £50,000

Writing off bad debts
All require approval of the CEO, Finance, Risk & Audit Committee or the Secretary of State if the value is in excess of that set out in paras. 195-198 below.

Disposal of Surplus Stock, Stores & Assets	
Academy Principal	Up to £2,000
CEO	Between £2,001 and £10,000
Finance, Risk & Audit Committee	Above £10,001
Secretary of State	Disposal of freehold on land or buildings, heritage assets and assets for which a capital grant in excess of £20,000 was paid
Petty Cash Imprest	£600
Ordering Procedures	
Competitive Quotations in writing	Between £1,000 (£2,500 building works) and £29,999
Tendering procedure	Over £30,000

Emergency Building Repairs

Duty Caretaker (EMERGENCIES ONLY)	Up to £1,000
Business Manager (EMERGENCIES ONLY)	Up to £5,000
Academy Principal	Up to £30,000 Between £30,001 and £49,999 subject to the Chair of the Finance, Risk & Audit Committee being made aware of and approving of the expenditure.
Finance, Risk & Audit Committee	Over £50,000

Please note that financial records must be retained for six years plus the current year.

These limits are taken from the financial regulations that were approved by the Trustees .

Summary of Roles and Responsibilities	Board of Trustees / Finance & Audit Committee	CEO	Academy Principal	Trust Business Manager	Trust Finance Manager	Academy Business Manager	Academy Finance Manager	Cost Centre Manager	Line Manager
Establish financial limits of delegated authority	✓								
Approval of the annual budget	✓								
Ensure Trust meets all its statutory obligations and complies with ESFA financial regulations	✓								
Ensure funds received are used only for the purposes intended	✓	✓							
Undertake an annual review of internal controls	✓								
Undertake an annual review of regularity		✓			✓				
Ensure VfM is obtained when procuring goods and services	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ensure appropriate action is taken where fraud or irregularity is suspected	✓	✓	✓		✓				
Ensure the Trust has a business continuity plan	✓	✓	✓	✓					
Ensure the Trust has a risk register	✓								
Ensure risks are assessed regularly	✓	✓	✓	✓	✓				
Authorise the disposal or write-off of stock within delegated limits	✓	✓	✓						
Meet with auditors and advisers to discuss the Trust's financial position	✓	✓	✓	✓	✓	✓	✓		
Implement the Trust pay policy		✓	✓						
Appointment of CEO	✓								
Appointment of Trust Business Manager, Company Secretary & Finance Managers	✓	✓	✓						
Appointment of Academy Principals	✓	✓							
Appointment of Academy Vice & Assistant Principals	✓	✓	✓						
Ensure compliance with AFH, Articles and Funding Agreement		✓							
Be responsible for Trust and Academy Cost Centre and Line Management structures, ensuring adequate oversight and separation of duties		✓							
Ensure adequate insurance is in place	✓	✓	✓	✓	✓				
Day to day management of finance accounting system					✓		✓		
Management of the Trust's financial position					✓				
Maintenance of effective systems of internal control					✓				

	Board of Trustees / Finance & Audit Committee	CEO	Academy Principal	Trust Business Manager	Trust Finance Manager	Academy Business Manager	Academy Finance Manager	Cost Centre Manager	Line Manager
Preparation of annual accounts					✓		✓		
Preparation of quarterly management accounts					✓		✓		
Preparation of annual budget					✓		✓		
Preparation of Budget Forecast Return					✓		✓		
Monitoring of annual budget	✓	✓	✓		✓		✓		
Authorise expenditure and budget virements according to delegated authority	✓	✓	✓	✓		✓		✓	✓
Implement authorised virements					✓		✓		
Authorise all orders for the provision of services, outsourced contracts and lease contracts				✓					
Be responsible for the management, maintainence and security of academy buildings & grounds				✓					
Be responsible for the management and maintainence of academy facilities				✓					
Be responsible to placing orders from delegated budget								✓	
Be responsible for approving orders placed by Cost Centre managers									✓
Be responsible for checking goods received to orders and invoices								✓	
Be responsible for approving invoices for payment by cheque or BACS								✓	✓
Be responsible for processing approved orders & invoices					✓		✓		
Ensure suppliers are paid within their Terms of Credit					✓		✓		
Be responsible for ensuring there is a separation of duties between the persons authorising the invoice and the payment. (At least one signatory should be different)					✓		✓		
Administer payroll							✓		
Monitor income and expenditure					✓		✓	✓	✓
Be responsible for the preparation of the annual benchmark report					✓		✓		
Annually, select preferred suppliers for rolling maintenance works ensuring VfM				✓					
Be responsible for the submission of Condition Improvement (CIF) bids				✓					
Be responsible for the financial monitoring of CIF income							✓		
Prepare tender documents for outsourced contracts				✓					
Benchmark high value orders against government frameworks, ie YPO, CPC, ESPO				✓			✓		

Introduction

1. The purpose of these regulations is to ensure that the Trust maintains and develops systems of financial control, which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education & Skills Funding Agency (ESFA).

2. The Trust must comply with the principles of financial control outlined in the Academies Trust Handbook. These regulations expand on that and provides detailed information on the Trust's accounting procedures and should be read by all staff involved with financial systems.

3. These regulations serve as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from the financial regulations.

Organisation

4. The Board of Trustees is the principle regulatory authority within the Trust and has overall responsibility for the administration of the Trust's finances. The main responsibilities of the Trustees are prescribed in the Funding Agreement, the Articles of Association and the Academies Trust Handbook. The main responsibilities include:

   • ensuring the grant from the DfE is used only for the purposes intended;
   • ensuring that funds from sponsors are received according to the Trust's Master Funding Agreement and the Academy Supplemental Funding Agreement and are used only for the purposes intended;
   • ensuring proper stewardship of funds received including the three key elements of value for money (economic, efficient and effective use of resources);
   - Ensure the trust is maintained as a going concern
   • prevention of loss through fraud and irregularity;
   • ensuring appropriate action is taken where fraud and irregularity is suspected;
   • ensuring that the Trust has a business continuity plan which sets out what it would do to ensure the continued operation of the Trust;
   • ensuring that there is a risk register and the risks arising from the Trust's operations are assessed regularly;
   • approval of the annual budget;
   • appointment of the CEO;
   • appointment of the Company Secretary
   • appointment of the Academy Principals, Academy Vice Principals, and Academy Assistant Principals; and
   • appointment of the Trust Business Manager and Trust Finance Officer, in conjunction with the principal.

5. The Board of Trustees should follow the guidance in the Governance Handbook which sets out the legal duties.

6. The Board of Trustees must be aware of the Charity Commission's guidance for trustees *CC3: The Essential Trustee: What you need to know, what you need to do* and should be aware of the following Charity Commission's guidance:

- CC8: Internal financial controls for charities;
- CC11: Trustees expenses and payments;
- CC12: Managing a charity's finances;
- CC14: Charities and investment matters: a guide for trustees;
- CC15d: Charity reporting and accounting: the essentials;
- CC25:Charity finances: trustee essentials;
- CC26: Charities and risk management:
- CC29: Conflicts of interest: a guide for charity trustees;
- CC35: Trustees, trading and tax: how charities may lawfully trade;
- CC36: Changing your charity's governing documents;
- Charities and charity trustees: an introduction for school governors;
- Manage a conflict of interest in your charity;
- Setting up and running a charity;
- Trustee board: people and skills.

7. The Board of Trustees must understand their statutory duties as company directors as set out in sections 170 to 181 of the Companies Act 2006.

8. The Board of Trustees should identify the skills and experience that it needs and address any gaps through recruitment and/or induction, training and other development activities.

9. The Board of Trustees must provide details of the trust's governance arrangements in the governance statement published within its annual accounts and on its website. This includes its scheme of delegation.

The Accounting Officer / CEO

10. The Trust must designate a named individual as its accounting officer. This should be the CEO. The role of accounting officer must not rotate. The appointment as accounting officer confers specific responsibilities for financial matters and extends to the prevention of loss through fraud and irregularity. In particular, the accounting officer is personally responsible to Parliament and to the accounting officer of the ESFA for the resources under their control.

11. The accounting officer is personally responsible for regularity, propriety and value for money and must adhere to the 'seven principles of public life'.

12. The accounting officer has responsibilities for keeping proper financial records and accounts and for the management of risks although this is likely to be delegated to the Trust Finance Officer (TFO) and/or the Business Manager.

13. The accounting officer must take responsibility for assuring the Board of Trustees that there is compliance with the financial handbook, articles and funding agreement. This responsibility must not be delegated. The accounting officer must advise the Board of Trustees in writing if, at any time, any action or policy under consideration by them is incompatible with the terms of the Financial Handbook or Funding Agreement. Similarly, the accounting officer must advise the Board of Trustees in writing if the Board of Trustees appears to be failing to act where required to do so by the terms and conditions of the Financial Handbook or Funding Agreement. If the Board of Trustees is minded to proceed the accounting officer must consider the reasons given for the decision. If, after considering the reasons, the accounting officer still considers that the action proposed by the Board of Trustees is in breach of the Financial Handbook or Funding Agreement, the accounting officer must advise the ESFA's accounting officer in writing.

The Trust Finance Officer

14. The Trust Finance Officer (TFO) works in close collaboration with the CEO through whom he or she is responsible to the trustees. The TFO also has direct access to the Trustees via the FR&A Commitee. The main responsibilities of the TFO are:
    • the day to day management of financial issues including the establishment and operation of a suitable accounting system;
    • the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees;
    • the maintenance of effective systems of internal control;
    • the preparation of the annual accounts, ensuring that they are properly presented and adequately supported by the underlying books and records of the academy;
    • the preparation of quarterly management accounts;
    • the preparation and monitoring of the budget;
    • liaison with auditors;
    • ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance;
    - Ensures they maintain their professional development

Development Plan

15. The development plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

16. The form and content of the development plan are matters for the Trust to decide but due regard should be given to the matters included within the guidance to academies and any annual guidance issued by the DfE.

17. Each year the CEO will propose a planning cycle and timetable to the Board of Trustees which allows for:
    • a review of past activities, aims and objectives - "did we get it right?"
    • definition or redefinition of aims and objectives – "are the aims still relevant?"
    • development of the plan and associated budgets – "how do we go forward?"
    • implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
    • feedback into the next planning cycle – "what worked successfully and how can we improve?"

18. The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the CEO.

19. The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

20. For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an academy manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the Board of Trustees if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Financial Planning

21. The Trust and each constituent academy prepares rolling 3 year budgets.

The budget cycle

22. The budget cycle is as follows:

- Autumn term (Sept – Dec)
  - Implementation of current budget plan
  - Monitoring expenditure (continuous-monthly)
  - Reconciliation and closure of previous financial year
- Spring term (Jan – Mar)
  - Monitoring and Reviewing of year's budget
  - Revised Budget where appropriate
  - Pre-planning new financial year
- Summer term (Apr – Aug)
  - Planning for forthcoming year
  - Preparation and submission of financial budget plan
  - Review of current year's budget

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

Budget

23. Each academy within the Trust will prepare a 3 year budget. The TFO and Academy Finance Officers (AFO) are responsible for preparing and obtaining approval for the budget. The budget must be approved by the Academy Principals, CEO and the FR&A Committee to whom Trustees have delegated the responsibility.

24. Trustees should refer to the DfE's material on improving school resource management including the top 10 planning checks for governors (https://www.gov.uk/guidance/school-resource-management-top-10-planning-checks-for-governors).

25. The budget will reflect the best estimate of the resources available to each academy for the forthcoming years and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

26. The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of General Annual Grant (GAG);
- latest estimate of other ESFA funding e.g. pupil premium, Yr7 Catch-Up or other specific funds;
- review of other income sources available to each academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the academy costs;
- identification of potential efficiency savings;
- review of the main expenditure headings in light of the Trust's Development Plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes;

- all carry forward balances;
- any unspent grants from the previous financial year.

27. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Trust's Development Plan.

28. The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

29. The approved budget must be entered onto the finance system before the start of the new financial year. The approved budget must be fixed and adjustments may only be via an authorised virement form.

30. The Trustees must notify the ESFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year, which it is unable to address after funds from previous years are taken into account

Other Government Funding

31. In addition to GAG funding from ESFA the Trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding etc. This funding may be from the Department of Education (DfE) or Local Authority. All government funding must be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.

32. The AFO is responsible for recording income and expenditure for each grant, providing a reconciliation within the quarterly management accounts.

Other Grants and specific funding

33. In addition to the GAG funding from the ESFA the Trust may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the Board of Trustees. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.

34. The AFO is responsible for recording income and expenditure for each grant, providing a reconciliation within the quarterly management accounts.

Funds held in Trust or as Custodian Trustee

35. Where funds are held in trust the AFO is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

Virements

36. All virements must be approved by the cost centre manager and line manager of the budget incurring the expenditure. They must be formally recorded on the Virement Form (Appendix D), sequentially numbered and reported to the FR&A Committee at the next meeting

37. The Academy Principal is given delegated power to vire from one budget to another where the amount does not exceed £30,000.

38. Where the amount is between £30,001 and £49,999 the Academy Principal is given delegated power subject to the Chair of the FR&A Committee being made aware of and approving the expenditure.

39. All virements exceeding £50,000 require prior approval from the FR&A Committee.

Revised Budget

40. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Academy Principal, TFO and AFO. Quarterly reports must be forwarded to the FR&A Committee. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the FR&A Committee. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

Budget Forecast Return

41. The Trust must submit to ESFA:

- A budget forecast return outturn by the due date advised by the ESFA
- A 3-year budget forecast return by the due date advised by the ESFA

These returns must be approved by trustees before submission. The TFO is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

Monitoring and review (including management accounts)

42. Monthly cost centre reports, at summary level, are prepared by the AFO for Cost Centre Managers and the Academy Principal. Relevant information should be given against each cost centre which explains the outstanding commitments and actual income and expenditure.

43. Monthly management reports must be prepared by the AFO, reviewed by the TFO and Academy Principal and shared with Trustees. These reports must include:

- actual income and expenditure against budget (year to date)
- predicted outturn (on accruals basis)
- balance sheet
- cash flow forecast
- variances of +/- 5% against budget must be explained.

44. The monthly management reports must be considered by the FR&A Committee when it meets.

45. Any potential overspend against the budget must in the first instance be discussed with the Academy Principal.

46. The Trust must select key financial performance indicators (which must include pupil numbers projections) and measure its performance against these regularly including analysis in the annual trustees' report.

Internal Scrutiny & Independent checking procedures

47. The Trust must have a programme of internal scrutiny to provide independent assurance to the Board of Trustees that its financial and other controls and risk management procedures are operating effectively.

48. Internal scrutiny must:
    - Be independent and objective and conducted by a suitably qualified individual outside of the Trust's own accounting team and cannot be the same auditors who carry out the external audit
    - Be guided by a documented scheme of work provided by the audit committee
    - Provide a report of work done to ~~each~~ FR&A Committee meeting, providing recommendations as needed;
    - Provide an annual report to the FR&A Committee and ESFA as at 31 August year end.

49. Internal scrutiny must identify on a risk-basis (with reference to the risk register) the areas it will review each year, modifying its checks accordingly.

50. Internal scrutiny should take account of output from other assurance procedures to inform the programme of work.

51. The Trust has engaged the services of the external auditor to deliver internal scrutiny. This must be disclosed in the governance statement which accompanies the annual account together with the reasons why.

52. The Trust has engaged the services of the external auditor to perform three internal scrutiny checks each year across the Trust. The external auditor carrying out these checks should not be the person undertaking the annual audit. Detailed guidance on the transactions to be checked are shown in Appendix C.

53. The internal scrutineer must produce a report of the work undertaken and the weaknesses found. This report must be sent to the FR&A Committee.

54. Additionally, a Member or a Trustee from the FR&A Committee must visit The Eastwood Academy Finance Department on an annual basis and carry out a series of spot checks on the records of EPAT and EA.

55. The TFO must visit Bournemouth Park Academy Finance Department on an annual basis and carry out a series of spot checks on behalf of the FR&A Committee.

56. These visits must be unannounced. The Member/Trustee/TFO must report his/her finding to the next FR&A Committee meeting.

Review of regularity

57. The CEO (in their role as Accounting Officer) must ensure that appropriate measures are in place for reviewing regularity. Completion and signing of the regularity checklist demonstrates that the review has been undertaken.

58. The CEO reviews the following documents annually to ensure the Trust is working within the boundaries of regularity and propriety:

- reviews management accounts;
- reviews compliance against the scheme of delegation;
- reviews transactions for evidence of connected party transactions;
- value for money practice.

59. The CEO has delegated the following responsibilities to Trust Finance Officer:

- adherence to tendering policies;
- review of transactions confirming in line with delegated authorities as set out by the Academies Trust Handbook;
- review of Trustees' minutes, excluding any minutes which are of a confidential nature.

Review of Internal Controls

60. During the summer term a Member or a Trustee from the FR&A Committee must attend each academy and undertake a review of internal controls. Their findings must be reported to the first FR&A Committee meeting of the following Autumn Term.

61. Completion and signing of the Internal Control checklist demonstrates that the review has been undertaken.

Annual accounts

62. The ESFA issue the Academies Accounts direction each year which explains the full requirements in detail.

63. The Trust must prepare annual audited financial statements for the accounting period to 31 August and it is the responsibility of Trustees to ensure the Trust is maintained as a going concern.

64. The accounts are prepared by the AFO and TFO in conjunction with the external auditor.

65. The accounts are then submitted as follows:

- by 31 December – to ESFA
- by 31 January – published on the Trust website
- by 31 May – to Companies House

Value for money statement

66. As part of the annual accounts the Trust must include 3 focussed examples of value for money.

67. The AFO and TFO are responsible for collating the examples which are then confirmed by the FR&A Committee.

Audit arrangements

68. External auditors must be appointed in accordance with the Academies Trust Handbook.

69. The TFO is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

Work undertaken during accounting period

70. The Finance Department are responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:

- reviewing the structure of the trial balance;
- maintaining a fixed asset register;
- quarterly depreciation charges;
- maintaining income and expenditure records (including filing of invoices);
- reviewing aged debtors for any provisions required;
- control account reconciliations (bank, payroll, debtors, creditors);
- monitoring & reporting to the Academy Principal and FR&A Committee.

Whilst the Company Secretary will be responsible for:

- maintaining a record of Members/Trustees/Local Governors interests, related and connected party transactions;
- maintaining a record of meeting attendance
- updating the Risk Register4

Work undertaken for the year end

71. The AFO and TFO are responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- stock take and including of year end stock value;
- prepayments for IT licenses;
- prepayments or accruals for grant income;
- control account reconciliations (bank, payroll, debtors, creditors);
- close down of the purchase ledgers;
- close down of the Sales ledgers and aged debtors;
- pension valuations;
- Pension Audit.

Accounts Return

72. The funding agreement with the ESFA requires the Trust to submit an Annual Accounts Return (AAR) for the accounting period to 31 August. This must be submitted to the ESFA by 31 January.

73. The AAR is prepared ~~in house by the AFO and TFO~~ by the external auditor and reviewed by the TFO and sent to the external auditor for final sign off.

Document retention

74. The minimum length of time documents are retained for are as follows:

- Finance records, including insurance – current year plus preceding 6 years
- Payroll and travel records – current year plus preceding 6 years
- Personnel records – 5 years after an employee has left
- All student files until the student reaches the age of 21

Accounting system

75. All the financial transactions of the Trust must be recorded into SIMS FMS, the computerised financial information accounting system. This system is operated by the academies Finance Departments and consists of journals, bank transactions, nominal ledger, purchase ledger, sales ledger and salary ledgers.

System Access

76. Access to the SIMS FMS system is password restricted. Passwords are changed at least every 6 weeks.

77. Access to the component parts of SIMS FMS system can also be restricted by the Level 5 user who is normally the System Manager.

Back-up Procedures

78. The SIMS FMS system is hosted by Capita who are responsible for the security of the data. The following processes are in operation:

- All data is backed up and stored on UK servers based in London by Rackspace;
- All data is transmitted via SSL (TLS1.0) with 256bit encryption using HTTPS and fully compliant with the Data Protection Act;
- Users are authenticated with a username and password;
- Sensitive data (e.g. staffing) is encrypted in storage;
- Penetration testing is carried out annually or after significant application/infrastructure updates.

79. The AFO and TFO are responsible for ensuring that there are effective back up procedures for the finance records held on the academies networks. Data should be backed up on at least two suitable mediums or servers and the copies stored in a secure place (in a fireproof container). Portable mediums must be password protected. Back-up copies must be taken on a daily basis.

80. The nominal ledger, audit trail and journal audit trail are download to the academies networks and

backed up on at least two portable devices, which must be password protected, on at least a weekly basis. At least one device should be stored off-site.

81. The Trust should prepare a disaster recovery plan in the event of loss of the accounting facilities or financial data. This should link in with the annual assessment made by Trustees of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

Transaction processing

82. All transactions input to the accounting system must be authorised in accordance with the procedures specified in these regulations. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of these regulations. All journal entries must record relevant and accurate narrative relating to the transaction.

83. Detailed information on the operation of the SIMS FMS system can be found in the user manuals and finance procedure manuals held in the academy Finance Offices.

Transaction reports

84. The TFO will review the following system reports to ensure that only regular transactions are posted to the accounting system:

- the weekly audit trail reports;
- masterfile amendment reports for the payroll, purchase ledger and sales ledger;
- management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

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

- creditor control account;
- debtor control account;
- payroll control account;
- VAT control account;
- all suspense accounts; and
- bank balance per the nominal ledger to the bank statement.

86. The Academy Principal must sign all reconciliations as evidence of review.

87. Any unusual or long outstanding reconciling items must be brought to the attention of the Academy Principal.

Cash Management - Bank Accounts

88. The following procedures must be followed when opening a bank account and operating it:

- the Trust is responsible for selecting the banking institution and negotiating the terms and conditions;
- the Trustees must authorise the opening of all new bank accounts;
- the Trust will ensure that in the event of changes to key personnel or trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be

removed;

- terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted;
- the Trust must inform the bank, in writing, that their accounts must not become overdrawn;
- the Trust must ensure there are sufficient funds to cover large payments.

Deposits

89. Particulars of any deposit, whether banked directly or collected by a security company must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details must include the following:

    - the amount of the deposit
    - a reference (for example the number of the receipt or the name of the debtor).

    For cash collected by a security company a receipt must be obtained for the number of bags collected.

90. The accounting system should be updated within 5 working days for deposits placed.

Payments and withdrawals

91. All cheques and other instruments authorising withdrawal from the Trust or academy bank accounts must bear the signatures of two of the following:

    CEO
    Academy Principal
    Vice Principal
    Assistant Principal

92. The Chair of Trustees, or if unavailable, the Vice Chair of Trustees must authorise all payments in excess of £50,000 (except salary payments). Authorisation must be given by email to the Finance Officer prior to payment being released to the supplier A copy of the email authorisation must be attached to the payment counterfoil.

93. Newly appointed cheque signatories cannot sign alongside each other.

94. Direct debit authorisations must be signed in accordance with the bank mandate as detailed above.

95. This provision applies to all accounts, public or private, operated by or on behalf of the Trustees including funds held in trust. In secondary, authorised signatories should not sign a cheque relating to goods or services for which they have also authorised the expenditure. In primary, at least one signature must be different.

96. The academy finance team should ensure that the accounting system is updated in a timely manner for all deposits placed.

Inter Academy Transactions

97. ESFA income for all academies within the Trust will be credited to the EPAT bank account. It is the responsibility of the TFO to ensure that accurate payments are sent to each academy. A schedule,

detailing the ESFA GAG income due to each academy will be prepared at the beginning of each financial year. This will be presented to the Chair of Trustees and the CEO for authorisation.

98. Non GAG transfers between EPAT and academies will be presented to the relevant cost centre/line managers for approval.

99. The transfer of ESFA income between EPAT and academies will be via the online bank transfer facility or BACS.

100. Where an academy incurs expenditure on behalf of EPAT it is the responsibility of the academy finance officer to recharge such expenses, excluding VAT, to EPAT at least once a quarter. Such expenditure must be authorised, in advance, by the CEO.

Administration

101. The AFO must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the FMS trial balance;
- reconciliations are prepared by the Finance Department;
- reconciliations are subject to an independent monthly review carried out by the Academy Principal or the TFO;
- adjustments arising are dealt with promptly.

Petty Cash

102. Minor items of expenditure can be reimbursed to staff through the petty cash system. Expenditure paid through petty cash must not exceed £50 on any one claim. Requests for amounts above this limit can only be reimbursed by cheque.

103. All purchases made through petty cash, regardless of size, must be authorised by the Cost Centre Manager and Line Manager.

104. It is not permissible for employees to use store reward cards e.g. Tesco Club card, Morrison Match & More, Sainsbury Nectar, when making purchases on behalf of the Trust or academy unless the card is in the name of the academy or the Trust.

105. All payments made must be supported by a receipt for the goods purchased, along with an appropriate voucher signed by the member of staff receiving the cash.

106. All petty cash should be held in a locking cash box in the safe and the AFO will be responsible for its security.

107. The amount of petty cash held by each academy must be kept to a minimum and should never exceed £600 at any one time. The maximum amount of cash held by each academy at any time must never exceed the insured limit for the safe as set by the academy's insurance cover.

108. Each academy's petty cash imprest level is £600. This level will be reviewed annually and adjusted if necessary.

109. The AFO is responsible for maintenance of the petty cash procedures which includes full reconciliation to both the SIMS FMS computer system and the monthly bank statement. Receipts

plus cash in hand should equal the imprest after taking into account the cash brought forward from the previous month.

110. The cheque signatories for the petty cash account are as described in 85 above.

111. The petty cash float must not be used for:

- cashing personal cheques
- paying staff loans

112. A Trustee, Member or TFO must carry out a spot check of the petty cash float once a year.

E-procurement & Payments

113. Each academy may hold up to two credit/charge cards. The combined credit limit on the credit/charge card will not exceed £~~2~~30,000. This will be reviewed on a regular basis and adjusted as necessary with the approval of the FR&A Committee.

114. To use the credit/charge card facility a blue credit card order form must be completed and fully authorised by the Cost Centre Manager and Line Manager before any transaction can take place.

115. The card may be used for the purchase of academy goods only. It must not be used as a means of borrowing money.

116. Invoices/receipts are to be obtained for all card purchases.

117. The card must be kept in the safe when not in use and can only be used by the CEO, Academy Principals, Vice Principals, Assistant Principals or Finance Office staff.

118. The card must be repaid in full each month. A direct debit mandate must be in place to facilitate this.

119. A reconciliation of the card transactions must be undertaken promptly on receipt of the monthly statement. The Academy Principal must carry out an independent review of statements, purchase orders and receipts in order to verify purchases and sign the statement reconciliation to confirm that the review has been undertaken.

BACS Payments

120. Invoices must be authorised in the normal way and signed by the cost centre manager and line manager.

121. Once authorised, the Finance Department will create a BACS file to be transferred to the bank.

122. The BACS Run report must be printed and passed, together with the invoices included in the BACS file, to two of the cheque signatories noted in 85 above who must check that the bank and sort codes have been correctly entered before approving payment.

Investments

123. Investments must be made only in accordance with the investment policy which must be reviewed regularly and approved by the FR&A Committee.

124. Investment risk must be properly managed and exposure to investment products tightly controlled. The security of funds must take precedence over revenue maximisation.

125. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Reserves

126. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.

127. The CEO, as Accounting Officer, must inform ESFA immediately if a deficit is anticipated.

128. If the Trust is anticipating a deficit at the end of any financial year, the Trustees and CEO have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Trustees must ensure that a recovery plan is submitted and approved by the ESFA.

Capital Reserves

129. Any overall surpluses at the end of the year are carried over to the following year.

130. It is the responsibility of the TFO to keep accurate records of the capital funds, especially where grants have been received for capital projects.

Payroll

Staff Appointments

131. The Trustees will meet to approve the substantive appointments of the CEO, Academy Principal, Academy Vice Principal, Academy Assistant Principal, Trust Finance Officer, Trust Business Manager, Academy Finance Officer and Company Secretary.

132. The Pay Committee delegates to the Academy Principal the power to authorise the appointment of all other staff. All appointments should be in accordance with the Pay Committees Terms and Conditions.

133. The Company Secretary must notify the relevant Finance Office of all personnel changes affecting the CEO. The Academy Principal, or, if not available, the CEO, must notify the relevant Finance Office of all other personnel changes. If the changes relate to the Academy Principal, the Company Secretary must notify the relevant Finance Office. All notifications must be in writing.

134. The Deputy Finance Officer (DFO) (secondary) or AFO (primary) is responsible for obtaining the relevant DBS checks and maintaining personnel files for all members of their staff which include a contract of employment.

Payroll Administration

135. Payroll is administered through the Trust's payroll provider~~, Essex County Council~~ Juniper Education

136. The DFO (secondary) or AFO (primary) will be responsible for maintaining accurate and up to date employee contract information on the SIMS.net Personnel Module which interfaces with SIMS FMS.

137. Access to the computerised personnel records will be granted only to persons who need them in carrying out their official duties. Personnel records will be retained for a time in line with relevant legislation.

138. The DFO (secondary) or AFO (primary) will notify the payroll provider of all changes to the employment of staff at their respective academy as sanctioned by the CEO/Academy Principal or Company Secretary.

139. The DFO (secondary) or AFO (primary) should be notified by the 3rd day of each month of any staff sickness and other absences during the preceding month in accordance with the Trust's sickness absence management procedures. This information must be notified to the payroll provider via the e-payroll system.

140. A salary master file should be prepared. The file should include details of gross payments, including allowances and details of all deductions, including pension and national insurance. ~~On a termly basis~~ The master file should be reconciled to the payslip output twice yearly.

Payments

141. All salary payments are made by BACS.

142. Payments for salaries must be agreed and reconciled back to the bank statements each month by the DFO (secondary) or AFO (primary).

143. All payments relating to payroll are to be debited against the relevant cost centre and credited to the Payroll Control Account. After the appropriate cashbook journals are raised, the balance in the Payroll Control Account should be Nil. It is the responsibility of the TFO to ensure that this is undertaken.

144. On an annual basis the TFO must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file/salary master list.

Salary advances

145. The Trust does not award salary advances.

Overtime

146. Staff overtime, including lunch duties, will be paid in accordance with the current pay policy.

147. Before undertaking overtime, it is the responsibility of the individual member of staff to gain the written permission of a member of the Senior Leadership Team.

148. After completing the additional hours, an additional duties form must be submitted to a member of the Senior Leadership Team for authorisation. When authorised, this should be forwarded to the DFO (secondary) or AFO (primary) who will notify the payroll provider via the e-payroll system.

149. Claims are to be made in the term in which the overtime occurred. Claims received after the first day of the following term will not be paid.

150. All payments for overtime will be made via the payroll system.

Tax Arrangements for Senior Employees

151. The Trust must ensure that their senior employees' payroll arrangements fully meet their tax obligations and comply with HM Treasury's guidance as set out in the Treasury's Review of the Tax Arrangements of Public Sector Appointees. Failure to comply with these requirements may result in a fine by HM Treasury, equivalent to five times the amount paid to the employee.

Employee benefits exceeding £100k

152. The Trust must ensure all employees whose benefits exceed £100k must be shown on the Trust's website in £10k bandings. The benefits include salary and pension contributions and other taxable benefits including termination payments.

Payments to Individuals

153. Any Cost Centre Manager proposing to the use the services of a self-employed individual (i.e. consultant/technician/sport coach etc.) must ensure that reasonable steps are taken to establish that the individual is registered as Self Employed with HM Revenue and Customs and that the individual has confirmed to the employing academy in writing, that they will be responsible for any taxes payable to HM Revenue and Customs on payments made by the academy before a purchase order for the individual's services is issued by the academy. The Trust should request that the individual states his/her self-employment reference number on all invoices issued to the academy. If any one individual is likely to work for the academy for more than 3 days in a 3 month period then payment should be made via the payroll provider.

154. Prior to making payments to individuals, the DFO (secondary) or AFO (primary) is responsible for checking the HMRC Employment Status Checker website (https://www.gov.uk/guidance/check-employment-status-for-tax), as the Trust may be liable for penalties for failing to make tax and national insurance deductions. A copy of the results must be printed and retained on file.

Mileage and Subsistence Allowances

155. Where a member of staff is aware that they may incur personal expenses associated with travel or subsistence in connection with their work they should gain the prior approval of their line manager. Employees with a role and/or responsibilities across more than one school in the Trust, or who sit on the Senior Leadership Team of a school, would not be expected to make a claim in respect to travel expenses incurred as a result of travelling between two schools.

156. The rates payable for reimbursement of subsistence are as agreed by HM Revenue and Customs.

157. All expense claims will require the signature of the claimant, the cost centre manager and the line manger to be processed. Should the claimant be a signature approving the expenditure then two other senior members of staff should also sign. The relevant forms can be obtained from the Finance Office.

158. Receipts or other appropriate evidence of expenditure must be attached to the claim in respect of all purchases, i.e. fares, subsistence (excluding alcohol), phone calls, postage and any other purchases that may be approved.

159. Staff who attend courses etc. using their own vehicles should be made aware that they need to be covered for business use on their own car insurance.

Special Payments - Staff Severance, Compensation and Ex Gratia Payments

160. The CEO has delegated authority to approve the non-statutory/non-contractual element of severance payments up to £10,000 gross (ie before tax and other deductions). The ESFA's severance form must be completed (https://www.gov.uk/guidance/academies-severance-payments).

161. The Trust has delegated authority to approve the non-statutory/non-contractual element of severance payments up to £50,000 gross (ie before tax and other deductions). A business case must be presented to the Pay Committee before agreeing a payment, using the form provided by ESFA on gov.uk (https://www.gov.uk/guidance/academies-severance-payments)

162. Where the non-statutory/non-contractual element is on or over £50,000 gross, a business case must be presented to the Pay Committee and approval sought from ESFA before agreeing a payment.

163. The CEO, as Accounting Officer, must sign off on each business case once it has been approved by the Pay Committee or ESFA.

163. Special staff severance payments may be paid to employees outside of normal statutory or contractual requirements when leaving employment whether they resign, are dismissed or reach an agreed termination of contract. If the Trust is considering making such payments it must consider the following issues before making a binding commitment:

- that the proposed payment is in the interest of the trust;
- that the payment is justified, based on a legal assessment of the chances of the academy defending the case at an employment tribunal.

164. If the payment is justified the level of settlement must be less than the legal assessment of what the employment tribunal is likely to award.

165. Severance payments should not be made where they could be seen as a reward for failure.

166. Compensation payments are made to provide redress for personal injuries. If the Trust is considering making such a 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.

167. The Trust must ensure that the use of confidentiality clauses associated with staff severance payments do not prevent an individual's right to make disclosures in the public interest.

168. Ex gratia payments are transactions that go beyond statutory or contractual cover, for example, payments to meet hardship caused by official failure or delay and payments to avoid legal action on the grounds of official inadequacy. Statutory and contractual payments made to academy staff in accordance with the academy's pay and conditions policy would not be ex gratia.

169. All ex gratia payments must be referred to the ESFA for prior authorisation.

Income

170. The main sources of income for the Trust are the grants from the DfE. The receipt of these sums is monitored directly by the TFO who is responsible for ensuring that all grants due to the academy are collected.

171. The Trust also obtains income from the public, mainly for facility lettings. See para's187-193 for details of the Trust's letting policy.

172. Invoices, including inter-academy/trust invoices, must be raised on FMS using 'Accounts Receivable' updating the financial accounting system with the income and creating a debtor which will enable a more efficient method of tracking.

173. The Academy Principal shall review the debtors report on a monthly basis to ensure that all monies due have been collected.

174. All income received should be recorded immediately and entered onto the financial accounting system.

175. All income shall be acknowledged by the collector to the payer by means of an official receipt, except in the case of donations where no receipt needs to be issued. In primary, official receipts will only be issued if the value is greater than £20 and receipts are not issued for dinner money (see para. 186).

176. When a receipt is issued the top copy will be given to the payer and the duplicate copy kept at the receiving academy.

177. All monies received must be banked intact as soon as is practicable. Income collections must not be used for the encashment of personal cheques or for other payments. All monies must be kept in the Finance Office safe prior to banking. Due regard must be taken to not exceeding the limits set for insurance purposes of cash held on the premises.

178. All cheques banked must be entered on the bank paying-in slip.

179. For normal day-to-day transactions, the Finance Department will be responsible for receiving and banking income.

180. The Academy Principal, TFO or AFO shall periodically check that all the monies due to the academy have been collected and banked. For example, cross-checking the trip receipt book to the copy bank paying-in slip and bank statement entry.

181. Only the Finance Office Staff, Reception Staff, School Office Staff, Examinations Officer, Lettings Administrator and the Technology Auxiliaries are authorised to take payments on behalf of the Trust for goods or services provided by or through the academy.

School Trip Income

182. A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due.

183. Pupils should make payments to the Finance Department. A receipt must be issued for all monies collected.

184. The Finance Department must maintain a record for each pupil intending to go on the trip showing

the amount paid and the amount outstanding.

185. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil should be redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Academy Principal in advance of the booking being made.

Catering Income

186. In Primary, cash payments must be reconciled on a daily basis by the Admin Assistant to the lunch records and signed as evidence of reconciliation. The school meal numbers and cash totals are then to be entered onto the banking sheet. The cash is kept in the safe prior to banking. The number of meals paid for must be reconciled to the number of meals issued by the kitchen (taking free school meals into account) on at least a weekly basis by the Finance Department.

Lettings

187. The Trust recognises the position of its academies in the local community and that encouragement should be given to the use of the academies by outside organisations.

The lettings are governed by the Lettings Policy. In recognition of this the following internal regulations are applicable.

The FR&A Committee will review the scale of charges for lettings annually.

Application Form

188. All hirers will complete the appropriate letting application form. Day to day approval of requests for hire will be the responsibility of the Lettings Administrator after:

- reference to the scales of charges agreed by the FR&A Committee;
- checking the application form has been properly signed by the hirer;
- confirming whether or not the hirer is affiliated to a national association that has its own child protection policy;
- checking that the hirer has a child protection policy if not affiliated to a national association;
- checking that a copy of the school's own child protection policy and guidelines has been passed to the hirer and that they have signed to confirm receipt;
- ascertaining whether or not it is necessary to seek references for the hirer.

Abatement of charges can only be made by the CEO or the Business Manager subject to FR&A Committee approval.

Bookings

189. All requests for hire will be logged in the lettings diary by the Lettings Administrator. Payment will be required in advance for all lettings unless special payment facilities have been agreed between the hirer and the Academy Principal.

190. Copies of the hirer's up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually.

VAT – Academy lettings

191. The academy is not registered for VAT. If, in the future it registers for VAT, the following will apply:

The letting of halls, rooms and playing fields for non-sporting activities are exempt from VAT.

If the letting provides facilities for playing sport or participating in any physical recreation, e.g. letting the gym to a club including use of all equipment, use of a swimming pool to a club, the let must have standard rate VAT added to the letting charge. However, VAT does not need to be charged if the following conditions are met:

a) the let is for a continuous period of 24 hours or more; or

b) the let is for a series of 10 or more periods, whether or not exceeding 24 hours in total, where the following conditions are satisfied:
   i) each period is in respect of the same activity carried on at the same place;
   ii) the interval between each period is not less than 1 day and not more than 14 days;
   iii) consideration is payable by reference to the whole series and is evidenced by written agreement;
   iv) the lessee has exclusive use of the facilities; and
   v) the lessee is a school, club, an association or organisation representing affiliated clubs or constituent associations.

For the sake of clarity, if the lettings policy contains a cancellation clause the above conditions cannot be met and VAT at the applicable rate will be charged.

Payments

192. See para's 170-181 for full details of income procedures.

193. The Lettings Administrator is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation and chasing any outstanding debts.

Gift aid

194. As an exempt charity, the trust is able to claim gift aid on donations from individuals. To ensure the Trust receives all the monies it is entitled to the TFO will**:**

- reconcile income against records to confirm expected amounts have been received by the donor;
- ensure the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

Bad debts

195. The Trust may write off debts and losses, including any uncollected fines up to the limits set out below:

• 1% of total annual income or £45,000 (whichever is smaller) per single transaction;
•cumulatively, 5% of total annual income in any one financial year per category of transaction providing the academy has submitted timely, unqualified accounts for the previous two years. In relation to these limits, the amounts are before any successful claims from insurers and total annual income is defined as grant income as disclosed in the academy's last set of audited accounts.

These limits are subject to a maximum of £250,000.

Beyond these limits, the academy must seek and obtain prior approval of the Secretary of State, via the ESFA.

196. Each academy in the Trust is responsible for chasing all monies due to it. Debts that have not been paid within 30 days of an invoice being issued must be chased by telephone or letter. As record of the telephone conversation or a copy of the letter must be kept.

197. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the academy Finance Officer must submit a report to the CEO for approval of write off.

198. The following write off limits apply:

- Up to £2,000 – CEO
- £2,000 - £24,999 – FR&A Committee who will decide whether or not to pursue through a debt collecting agency
- Over £25,000 – Secretary of State.

Purchasing

199. The Trust must achieve value for money on all purchases. This means it wants to get what it needs in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and the Trust needs to maintain the integrity of these funds by following the general principles of:
    - **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust;
    - **Accountability**, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
    - **Fairness**, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

    The Trust should consider the options available to it under the "deals for schools" (see www.gov.uk/guidance/buying-for-schools) which makes buying simpler and quicker and can provide better value for money in a range of categories.

Emergency Purchasing

200. The Business Manager is able to authorise minor building repairs, where they are of an emergency nature, up to a value of £5,000. **An emergency is defined as an unforeseen situation where there is a risk to the academy's buildings or the people in the academy's buildings.** The duty caretaker has a responsibility to make the buildings safe and prevent further damage and is authorised to contact the academy's preferred suppliers in the first instance. In this regard, the duty caretaker has authority up to a value of £1,000. When the emergency is contained and under control the duty caretaker must report to a member of the Senior Leadership Team or the TFO and ensure that the necessary paperwork is completed

Routine Purchasing

201. Cost Centre Managers will be informed of the budget available to them by the start of the academic year. It is the responsibility of the Cost Centre Manager to manage the budget and to ensure that

the funds available are not overspent. A report detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each Cost Centre Manager each month. Cost Centre Managers are encouraged to keep their own records of orders placed but not paid for.

Rolling Maintenance

202. Where the academy makes purchases relating to rolling maintenance, (e.g. replacement carpets, ceiling tiles), a dummy order should be sent to a minimum of three suppliers at the beginning of each academic year. The supplier who offers the best value for money will be selected to supply the academy for the remainder of the financial year. Such suppliers must indicate that they are willing to hold good their price for a minimum of twelve months. It is the responsibility of the Business Manager to ensure that this is done.

Contracts

203.

When considering the procurement of, and tendering for goods and services, consideration should be given to probity, accountability and value for money.

Notice periods for existing contracts should be checked to ensure the appropriate notice is given and explanation of the process for reapplying should be advised.

When a contract is due to expire, review the value of the contract and decide whether to obtain 3 written quotes, apply the full tendering process (if the contract exceeds £29,999) or whether to use a framework.

New Suppliers

204. When appointing a new supplier, due diligence should be carried out. Recommendations from other schools, or references should be taken up. The company should provide details of their Accounts Payable department for payments and correspondence. Where the company is VAT registered, a vatable invoice should be sent for payment with the VAT number clearly stated. Suppliers who will be working on-site should be DBS checked by their company and evidence should be presented to the AFO for recording on the Single Central Record.

Updating Supplier Information

205. When an existing supplier notifies the academies regarding changes to their address and/or bank details for payment, the AFO must contact the supplier on the existing telephone number held to confirm the changes. Any changes via email must not be accepted until a telephone confirmation is made. A large number of frauds occur when emails are intercepted and a suppliers attached invoice or the body of the email are changed, hence any changes must be verified by using the existing contact telephone number of a supplier.

E-procurement

204. Any department wishing to make a purchase on credit/charge card must complete an official credit card order form in the usual manner and pass this to the Finance Department to make the purchase. All order forms detailing the purchase must be signed by the Cost Centre Manager and

Line Manger before the order can be placed.

Orders

205. Cost Centre Managers will be informed of the budget available to them at the start of the academic year. It is the responsibility of the Cost Centre Manager to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each Cost Centre Manager a week after the end of each month. Cost Centre Managers are encouraged to keep their own records of orders placed but not paid for.

206. All orders must be made in writing using an official order form, stocks of which are held in the academy Finance Office. Orders must bear the signature of the Cost Centre Manager, together with the signature and date of the Line Manager, must include a statement of requirement and must be forwarded to the Finance Office for processing. A member of the Finance staff will determine that the appropriate budget has sufficient funds to meet the order.

207. Once the internal form has been appropriately authorised, the finance staff will commit the expenditure against the appropriate cost centre using SIMS FMS. The official system generated order form will be signed by the processor as certification that appropriate authorisation for the order has been obtained. Paper copies of official orders will be kept in the academy's Finance office.

208. An order form should be completed as quickly as possible for any urgent order that is placed verbally so that the financial commitment can be registered.

209. The Cost Centre Manager or Line Manager must make appropriate arrangements for the delivery of goods to the academy. On receipt, the Cost Centre Manager or Line Manager or office staff must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

210. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the academy's Finance Office must be notified.

211. All invoices must be sent to the Finance Office where they will be checked against the original order for accuracy and entered on the computer system. The invoice will then be passed to the Cost Centre Manager and Line Manager for authorisation for payment.

212. If the Cost Centre Manager or Line Manager is pursuing a query with a supplier the Finance Office must be informed of the query and periodically kept up to date with progress.

213. The finance staff will process the authorised invoice against the order and raise a cheque or BACS payment, paying attention to the credit terms. The payment must be signed in accordance with the bank mandate. The persons signing the payment in secondary must not have authorised the invoice. At least one person signing the payment in primary must not have authorised the invoice. The cheque slip or BACS report will be attached to the invoice and filed in sequential order in the academy's Finance Office.

214. BACS payments are input by the Finance Team and authorised on-line by two signatories in accordance with the bank mandate. Those authorising the payment in secondary should not be those authorising the invoice. In primary, at least one signatory must be different.

Orders over £1,000 (£2,500 for building works) but less than £29,999

215. For any order for a single purchase with an estimated value of amounts £1,000 (£2,500 for building works) and £29,999, for the supply of goods, materials or services, three competitive quotations should be obtained in writing and attached to the purchase order. If competitive quotations are not obtained, the reason must be clearly stated on the order form. All instances must be reported to the FR&A Committee.

Orders over £30,000

216. All goods/services ordered with a value over £30,000, or for a series of contracts which in total exceed £30,000 must be subject to formal tendering procedures.

Official Journal of the European Union

217. Consultant appointments over £181,302 and contractor appointments over £4,551,413 will fall under EU procurement rules which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in Appendix F.

Trading with related and connected parties

218. It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trust members, trustees, local governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection. The register must be kept up-to-date through regular review.

219. The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Trust or its academies. The disclosures should also include business interests of business partners or close members of the family where influence could be exerted over a member, trustee, local governor or member of staff by that person. Close members of the family are defined as:
    - that person's children and spouse or domestic partner
    - children of that person's spouse or domestic partner
    - dependents of that person or that person's spouse or domestic partner
    - a parent or spouse or business partner

    The register of business interest form is given in Appendix A.

220. The existence of a register of business interests does not, of course, detract from the duties of members, trustees, local governors and members of staff to declare interests whenever they are relevant to matters being discussed by the Trust or LGB. Where an interest has been declared, that person should not attend that part of any committee or other meeting.

221. There are no payments to members, trustees or local governors unless such payment is permitted by the articles. The Trust will need to consider this obligation if payment is made to other business entities who employ the member, trustee or local governor, are owned by the member, trustee or local governor, or in which the member, trustee or local governor holds a controlling interest.

222. The register must identify any material interest arising from close family relationships (as defined above) between the Trust's members, trustees or local governors and employees.

223. The Trust must publish on its website relevant business and pecuniary interests of its members, trustees and local governors.

224. The Trust must report all transactions with related parties to ESFA in advance of the transaction taking place. This requirement applies to transactions made on or after 1 April 2019.

225. The Trust must obtain ESFA's prior approval, using the ESFA's online form, for contracts for the supply of goods or services to the Trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:
    - A contract exceeding £20,000;
    - a contract of any value that would take the total value of contract with the related party beyond £20,000 in the same financial year ending 31 August;
    - a contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.

    Transactions with related parties relating to salaries and other payments made by the Trust to a person under a contract of employment through payroll do not require approval.

226. The Trust must obtain ESFA's prior approval, using the ESFA's online form, for any contract or other agreement with related parties that are novel, contentious and/or repercussive, regardless of value.

227. The Trust must pay no more than "cost" for goods or services provided to it by the following persons:
    - any member, trustee or local governor of the academies;
    - any individual or organisation connected to a member, trustee or local governor. Connected persons include a relative of the member, trustee or local governor, an individual or organisation carrying on business in partnership with the member, trustee or local governor, a company in which the member, trustee, local governor or relative of the member, trustee or local governor holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company, an organisation which is controlled by a member, trustee or local governor or a relative of a member, trustee or local governor.

228. The at cost requirement applies to contracts for goods and services which exceed £2,500, cumulatively, in any one financial year.

Goods and services for private use

229. No goods are ordered or services provided to include any elements of private use by members, trustees, local governors or members of staff.

Forms of Tenders

230. There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

    - **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with CEO how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,

- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,

- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

    - the above methods have resulted in either no or unacceptable tenders,
    - only one or very few suppliers are available,
    - extreme urgency exists,
    - additional deliveries by the existing supplier are justified.

Preparation for Tender

231. Full consideration should be given to:

    - objective of project
    - overall requirements
    - technical skills required
    - after sales service requirements
    - form of contract.

232. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

233. A tender brief must always be prepared and is reviewed by the Business Manager.

Invitation to Tender

234. If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

235. An invitation to tender should include the following:

    - introduction/background to the project
    - scope and objectives of the project
    - technical requirements
    - implementation of the project
    - terms and conditions of tender
    - form of response
    - dates for decision and work to be delivered

Tender Acceptance Procedures

236. The invitation to tender should state the date and time by which the completed tender document is received by the academy trust. Tenders are submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline are not accepted.

Tender Opening Procedures

237. All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- For contracts up to £30,000 - two of the budget holder, the TFO, the Academy Principal or the CEO.
- For contracts over £30,000 - the CEO or TFO plus a member of the FR&A Committee.

238. A separate record details the names of the firms submitting tenders and the amount tendered. The record is signed by all people present at the tender opening.

Tendering Procedures

239. The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

240. Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

241. Full records should be kept of all criteria used for evaluation and for contracts over £30,000 a report should be prepared for the FR&A Committee highlighting the relevant issues and recommending a decision. For contracts under £30,000 the decision and criteria should be reported to the FR&A Committee.

242. The accepted tender should be the one that is economically most advantageous to the Trust. All parties are then informed of the decision.

Insurance

243. The FR&A Committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.

244. The Trust has opted in to the Department for Education's Risk Protection Arrangements which is an alternative to insurance where the UK government funds cover losses that arise.

245. For risks not covered by the RPA (motor, engineering insurance and inspection) each academy should determine its own level of cover. The market should be tested every three years to ensure the Trust receives value for money. The next test should be carried out for 2019 renewals.

246. The Trust must cooperate with risk management auditors and risk managers and implement reasonable risk management audit recommendations that are made to them.

247. Budget holders must ensure all valuable are kept under lock and key when not being used in a supervised manner.

248. The policy excess (£500 secondary / £250 primary) for replacement items has to be funded by the department concerned as no budget is held centrally. Items under the policy excess will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

Members/Trustees/Local Governors Expenses

249. All Members/Trustees/Local Governors of the Trust are entitled to claim the actual costs, which they incur as follows:

- childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)
- cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
- the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
- the cost of travel relating only to travel to meetings/training courses at a rate of 45 pence per mile which does not exceed the specified rates for school personnel
- travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the any other source
- telephone charges, photocopying, stationery, postage etc.
- any other justifiable allowances

250. The Board of Trustees acknowledges that:

- Members/Trustees/Local Governors are not be paid attendance allowance
- Members/Trustees/Local Governors are not reimbursed for loss of earnings

251. Members and Trustees wishing to make claims under these arrangements, must complete a claims form available from the TFO together with the relevant receipts. Local Governors wishing to make claims under these arrangements must complete a claims form available from the relevant AFO. The form must be submitted to the Finance Department within two weeks of the date when the cost were incurred, when they will be submitted for approval by the CEO.

Gifts

252. Ordinarily gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). Approval must be sought from the CEO prior to accepting gifts with a value in excess of £30. Any gifts or hospitality in excess of £30 must be reported to the CEO in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from

the school for items other than travel expenses

253. Gifts that have been reported must be entered onto the gifts and hospitality register.

254. Gifts with a value of less than £30 are not exempt from this policy and must be recorded. They may however be accepted without approval.

Energy Management

255. The site manager is responsible for providing the AFO with monthly meter readings. These should be entered on a spreadsheet by the AFO for monitoring and analysis purposes. Meter readings should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual reading should be raised with the Business Manager immediately.

256. The site manager ensures that the academy's heating system is operated and run as efficiently as possible.

257. The Business Manager or TFO ensures that the academy is purchasing energy at the most competitive prices available.

258. All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

Fraud

259. The Trust does not tolerate fraud. Any stakeholder who suspects fraud or irregularity in the Trust or academies within the Trust should report it as soon as possible to the CEO who should then ensure that it is made known without delay to the Chair of Trustees, Chair of the FR&A Committee and TFO. If the CEO is suspected of fraud or irregularity the stakeholder should report it to the Chair of Trustees. Where instances of fraud are found the CEO will notify the ESFA. The policy for fraud can be found on the Trust's website.

Whistleblowing

260. The Trust has appropriate procedures in place for whistleblowing, including making sure that all staff are aware to whom they can report their concerns and the way in which such concerns will be dealt with. The policy can be found on the Trust's website

Leasing

261. An operating lease is the only type of lease available to academies. These leases involve paying a rental fee for the hire of an asset for a period of time and have the character of a rental agreement. No other lease, such as finance leases or hire purchase, may be entered into as this is a form of borrowing.

262. Leasing agreements will only be made where the financial arrangements are such that they benefit the Trust and/or academy and, subject to value, the FR&A Committee have given their approval. Any item procured under a lease arrangement must conform to the requirement noted in 188 above.

263. Leasing agreements are to be signed by the CEO or Trust Business Manager on behalf of the Trustees.

264. The Business Manager will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals.

265. Any lease entered into must meet the following criteria:
- ownership of the asset must remain with the leasing company and there is no option for the academy to purchase the asset at any time;
- any extension of the lease must be at open market values;
- the academy will not benefit from any sale proceeds of the asset;
- the termination value of the lease is equal to or exceeds 10% of the value of the asset at the commencement of the lease;
- the maximum duration of the lease is 5 years;
- the principles of regularity, propriety and value for money are always maintained.

Pooling of GAG

266. In order to finance the Trust, a proportion of General Annual Grant (GAG) funding from each academy is used to form a central fund (EPATCF) in line with section 3.7.2 of the Academies Trust Handbook 2018.

267. The proportion that each academy contributes to EPATCF is reflected in the projected level of need, which, in turn, is determined by the academy's most recent Ofsted rating and performance data.

268. Income and expenditure from EPATCF will be monitored on a quarterly basis and reviewed and contribution levels will be reviewed annually.

VAT

269. The Trust is not registered for VAT. Its rolling 12 month VAT taxable turnover is currently less than the registration threshold of £85,000.

270. The TFO is responsible for ensuring that the VAT 126 form is submitted each month.

Fixed assets

Asset register

271. All items purchased with a value over the academy's capitalisation limit of £2,000 must be entered on the fixed asset register (which is held in excel format) with the following details:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

272. The asset register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts
- support insurance claims in the event of fire, theft, vandalism or other disasters

273. Examples of items to include on the asset register include:

- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment – fax machines, shredders, switchboard
- Furniture
- AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment
- Mini buses

Security of assets

274. All the items in the register are permanently and visibly marked as the Trust's property.

275. Equipment is, where possible, stored securely when not in use.

276. The responsibility of the annual count is that of the Business Manager, who is different from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the FR&A Committee.

Disposal of Assets

277. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid or for the disposal of a freehold on land or buildings and heritage assets with historical, artistic, scientific, technological, geophysical or environmental qualities.

278. The following limits shall apply for the disposal of other surplus equipment and material:

- Academy Principal up to £2,000;
- CEO Between £2,001 and £10,000;
- Finance, Risk & Audit Committee Over £10,001

279. Disposal of equipment to staff, persons connected to staff, or persons connected with the Trust during the last 5 years, is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure

licences for software programmes have been legally transferred to a new owner. Computers must be wiped clean of data and software prior to disposal so that only the Operating System remains.

Loan of Assets

280. With the exception of laptops which are regularly removed from the academy property, Items belonging to the academy must not be removed from academy premises without the authority of the Academy Principal. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.

281. Any damage to academy property occurring off-site will be at the employees' own risk with the exception of when property is being used on school trips.

282. If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.

Southend West School Sports Partnership "Sports Hub"

283. All monies relating to the Sports Hub will be kept separate from all other monies under the Trust's control.

284. The recording of the day-to-day transactions on an appropriate system is the responsibility of the Eastwood Academy's DFO.

285. The cheque signatories are as described in para. 91 above.

286. All expenditure must be authorised by the Cost Centre Manager and Line Manager prior to being incurred. All invoices, cheque requests and any other form of payment request must also be approved by the Cost Centre Manager and Line Manager. This approval is demonstrated by signature.

287. The Cost Centre Managers and Line Managers are:

- Partnership Development Manager (Sports Hub)
  or
- Sports Administrator (Sports Hub)
  and
- Business Manager (Sports Hub)

Appendix A

Eastwood Park Academy Trust (EPAT)

EPAT

Believe Succeed Together

Declaration of Business, Pecuniary and Personal Interests

I ……, declare as a Member/Trustee/Local Governor of Eastwood Park Academy Trust that I hold the following business, pecuniary and/or personal interest(s):

Interests	Please provide details of the interest
Current employment	
Businesses (of which I am a partner or sole proprietor)	
Company directorships – details of all companies of which I am a director	
Charity trusteeships – details of all companies of which I am a trustee	
Membership of professional bodies, membership organisations, public bodies or special interest groups of which I am a member and have a position of general control or management	
Gifts or hospitality offered to you by external bodies while acting in your position as a Member/Trustee/Local Governor and whether this was declined or accepted in the last 12 months	
Contracts offered by you for the supply of goods and/or services to the trust/school	
Any other conflict	

Personal interests	Name	Relationship to me	Organisation	Nature of the interest
Immediate family/close connections to Member/Trustee/Local Governor				
Company directorships or trusteeships of family/close connections to Member/Trustee/Local Governor				

If you are a Member/Trustee/Local Governor of any other schools and/or academies, please provide details below:

Name of school/academy:	
Position held:	
Date appointed/elected to post:	
Date of termination to post:	

To the best of my knowledge the information supplied above is correct and complete. I understand that it is my responsibility to declare any conflict of interest/loyalty, business or personal that relates directly or indirectly, to myself or any relation in any contract, proposed contract or other matter when present at a meeting of the trust where such contract or matter comes under consideration. I understand that I must withdraw from any meeting during the discussion of such contract or matter and must not vote in respect of it.

I agree to review and update this declaration annually and give consent for the information provided to be used in accordance with the Trust's Code of Conduct Policy

Signed:	
Date:	

Guidance Notes

Members/Trustees/Local Governors have a legal duty to act only in the best interests of their schools. Where a situation arises in which they cannot do this due to a personal interest they have, steps should be taken to identify, prevent and record the conflict. This ensures Members/Trustees/Local Governors are acting in the best interests of the school.

In the declaration above, you must provide details relating to:

- Your ownership or partnership of a company or organisation which may be used by the trust/school to provide goods or services;
- Goods or services you offer which may be used by the trust/school;
- Any close relation you have to someone who satisfies either of the above;
- Any close relationship you have to someone who is employed by the trust/school.

Declaring your conflicts of interest is a legal requirement within the School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 and for academies, in the Articles of Association and Academies Trust Handbook. However, making an annual declaration does not remove your requirement to make an oral disclosure of the interest and temporarily leave the meeting, where the interest is relevant to something being discussed.

Pecuniary interests

Generally, Member/Trustee/Local Governors should not participate in any discussions in which they may directly or indirectly benefit from a pecuniary interest, except where the relevant authority has authorised this i.e. legislation for maintained schools or articles of association for academies. A direct benefit refers to any personal financial benefit and an indirect benefit refers to any financial benefit you may have by virtue of a relationship to someone who stands to gain from a decision of the governing board. Both direct and indirect interests must be declared.

Non-pecuniary interests (Conflicts of loyalty)

There may be a non-pecuniary interest whereby the Member/Trustee/Local Governor does not stand to gain any benefit but a declaration should still be made. For example, this might be where a Member/Trustee/Local Governor has a family member working in the school. While the Member/Trustee/Local Governor might not benefit personally, their judgment could be impaired if something was brought up that would affect the family member.

Handling the conflict

The governing board must make a decision as to whether or not they should take steps to remove the conflict by:

- Not pursuing the course of action it relates to; or
- Proceeding with it in an alternative way which does not give rise to conflict; or
- Not appointing the governor in question or seeking to secure their resignation.

In the minutes of the meeting, the following should be recorded:

- The nature of the conflict;
- Which Member/Trustee/Local Governor it relates to;
- Whether a declaration was made in advance of the meeting;
- A brief overview of what was discussed;

- Whether the Member/Trustee/Local Governor withdrew from the meeting;
- How the Member/Trustee/Local Governor made the decision in the best interests of the school.

The School and Early Years Finance (England) Regulations 2013 provide for local authority financing schemes to keep a register of pecuniary interests for the Members/Trustees/Local Governors and staff of schools. The register should be reviewed annually by the clerk to the Trust but any new interest or ceased interest, should be reported to the clerk as and when they occur. Upon completion, this signed form should be given to the clerk of the Board of Trustees whose responsibility it is to keep a register of all interests and review it annually. You can find NGA's model conflict register on the NGA's website.

The Charity Commission has produced guidance on dealing with conflicts of interests which may be useful, even for schools that do not have charitable status.

Appendix B

Finance, Risk & Audit Committee - Terms of Reference

Purpose

To take responsibility for financial decision making on behalf of the Trustees, ensuring the sound management of the Trust and each academy's finances and resources, including proper planning, monitoring and probity.

Membership

- The membership of the FR&A Committee shall be all Trustees.
- The committee shall elect its own Chair, who should not be the Chair of Trustees, at the first meeting of every academic year.
- The Business Manager, Trust Finance Officer, and by invitation, the Academy Principals and Finance Officers of each academy, shall attend all meetings in a reporting capacity but will have no voting rights.

Meetings

- There shall be no less than three meetings each academic year and at least one per term.
- Meetings shall be deemed quorate when half of the membership is in attendance.
- During the summer closure period, a representative of the committee shall attend each academy and complete the Statement of Internal Control with the assistance of the Academy Finance Officer and/or Trust Finance Officer. The Statement shall be passed to the first committee meeting in the Autumn Term for consideration and approval.
- The Company Secretary shall circulate agendas and associated papers two weeks in advance and shall produce, circulate and file minutes of all meetings.

Schedule of Work

In accordance with the Trust's Scheme of Delegation, the Finance and Audit Committee shall be concerned with:

Level of Governance	Area	Responsibilities
Finance and Audit Committee	Finance	Review individual academy budgets and the annual budget for the Trust. Review the long term budget plan. Regularly monitor the actual income and expenditure against budget at academy and Trust level. Consider the achievement of value for money. Consider responses to any external management letters. Ensure the annual accounts are produced in accordance with Company and Charity law and DfE guidance.

		Authorise the award of contracts over monetary values as defined in the Trust's Financial Regulations. Annually, direct the Trust's programme of Internal Scrutiny ensuring the review remains suitable for the Trust. Document that the individual carrying out the Internal Scrutiny review is suitably qualified to do so. Review the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. Review and approve virements and transactions in accordance with the Trust's Financial Regulations. Oversee tendering and award of contracts in accordance with the Trust's Financial Regulations. Annually review and update the Trust's Financial Regulations and finance-related policies. Review information/returns to the DfE and/or ESFA that affect funding. Undertake independent checking of financial controls, systems, transactions and risks. Discuss with the external auditor the nature/scope of each forthcoming audit and ensure that the auditor has the fullest co-operation of staff.

Trustee Visits

Each year, a Member or Trustee shall visit each academy to carry out the audit function of this committee.

The Trustee must consider:

- Ten randomly selected transactions where the academy is purchasing goods or services. Committee members should look at the order (including authorisation), the invoice (including authorisation), the cheque (including signatories) and determine whether the money has been taken from an appropriate cost centre.

- Five randomly selected lettings transactions where applicable. Trustees must be comfortable that the lettings policy is being followed and that payments are processed in line with the lettings policy and finance and accounting procedures.

- The payroll record of one (anonymised) member of staff, randomly selected from the employee list.

- Aged debtor and creditor reports to ensure that debts are being suitably pursued and creditors are paid in a timely manner.

- Petty cash expenditure and reconciliation.

- Income reconciliation.

- Along with a member of finance staff, empty and count money from the any machines within that academy that take cash to be banked by the academy.

Appendix C

The Role of the Responsible Officer

The role of the Responsible Officer (RO) is to provide the Trustees with an on-going independent oversight of the academy's financial affairs. Most public sector organisations, and a growing number of private sector organisations, are required to have an internal audit service but due to the relatively small size of academies this requirement is thought to be too onerous. In the absence of an internal audit service it falls to the RO to provide the GB with independent assurance that:

- the financial responsibilities of the GB are being properly discharged;
- resources are managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

The RO should be a governor (but not the chairman), or an appropriately qualified and experienced individual not on the academy's staff, with the necessary financial interest and skills to be able to perform the role competently. The RO is not expected to do the detailed accounting work personally, but will be required to check some transactions to ensure that the correct procedures have been followed. The RO will need to be sufficiently familiar with the finances of the academy to be able to report to the GB, and hence indirectly to the DfE, that the above requirements have been met.

Performance of the RO Role

The conditions of DfE grant, and the financial procedures which the DfE expect the academy to follow, are described in the DfE Academies Trust Handbook, which expands upon the academy's funding agreement with the Secretary of State. Further details may be set out from time to time in financial circular letters, and in the annual funding letters. The main purpose of the RO role is to ensure that these requirements are followed.

Responsible Officers are often consulted before significant financial decisions are taken and provide a useful source of advice for academies. However, the RO should also perform a wider role by visiting the academy at least once a quarter and undertaking a series of detailed tests to confirm the operation of the main financial systems. Details of the expected checks are shown below.

Additionally, the RO should liaise with the external Auditor as required, read the Auditors' reports and ensure that there is an action plan in place to deal with the key recommendations.

Written records of the checks performed by the RO should be maintained.

Suggested Systems Checks to be undertaken by the RO Each Year

Payroll

- Select 5 employees from the payroll and check salary details back to personnel records to confirm that the amount paid is correct;
- Check 5 amendments to the payroll to ensure that appropriately authorised source documentation exists;
- Review the final payroll print for one month to ensure it has been appropriately authorised.

Purchases

• Select 5 payments made within the quarter and ensure:
• the payment is correctly authorised;
• the payment is correctly recorded in the accounting system;
• the invoice is correctly authorised;
• the invoice agrees to the order;
• that goods or services have been certified as received;
• the order is correctly authorised;
• that the order has been placed with an appropriate supplier.
• Obtain details of any contracts with a value over a prescribed limit and review documentation to ensure correct quotation/tender procedures have been followed;
• Review progress against any significant capital contracts to ensure payments made are appropriate and progress is satisfactory.

Income

• Review receipts from the DfE and sponsors and check that the amounts received agree to source documentation;
• Select one category of "miscellaneous receipts" and ensure:
• appropriate action has been taken on any overdue amounts;
• primary records of amounts due reconcile to records of monies collected;
• monies recorded as collected have been banked promptly and in full;
• ensure monies collected are correctly recorded in the accounting system.

Accounting System

• Review bank reconciliations to ensure that they have been correctly prepared and authorised;
• Review control account reconciliations to ensure that they have been correctly prepared and authorised;
• Review through sample checks the procedures used to prepare financial reports issued to directors and officers of the academy and DfES financial returns to be satisfied that they are completed accurately and promptly.

Virements

• Review a sample of virements to ensure that they have been properly authorised and correctly recorded in the accounting system.

Appendix D

Virement Approval Form

VAx

TRANSFER: **£xx,xxx.xx**

Amount in words

INCREASE: COST CENTRE NAME:

LEDGER CODE:

LEDGER NAME:

BUDGET HOLDER:

AMOUNT: **£xx,xxx.xx**

DECREASE: COST CENTRE NAME:

LEDGER CODE:

LEDGER NAME:

BUDGET HOLDER:

AMOUNT: **£xx,xxx.xx**

AUTHORISATION FOR EXPENDITURE

Budget Holder .....

DATE .....

Line Manager .....

DATE .....

NOTES: (Reason to be entered here)

Processed on SIMS FMS:..... Date: .....
(Signed)

Appendix E

EU Procurement Thresholds from 01/01/2018

The European Union (EU) has introduced rules to open up public purchasing by making member states remove restrictive practices. Government departments and other public bodies are subject to these rules. They are relatively complex but in general terms include a requirement to follow a prescribed tendering procedure, to operate to a minimum timescale and **a requirement to advertise contracts in the Official Journal of the European Union (OJEU)** if they exceed certain financial thresholds. The thresholds applying from 1 January 2018 are:

• Goods and services including consultant appointments: £181,302 (excluding VAT);
• Public works contracts, for the procurement of construction or civil engineering works (contractor appointments): £4,551,413 (excluding VAT).

Where the Trust is likely to enter into such contracts it will need to seek more detailed guidance and legal advice from the Department.