

Finance Policy



Review Date

March 2024

Ratified

March 2024

Next Review Date

February 2026

Responsible Directorate

Operations

Our Trust

*These four critical questions make it clear who we are and what we do.
We ask ourselves these questions to guide our work and our improvement.*

Why do we exist?

To **transform life chances** by achieving the highest possible standards and preparing all our students to lead successful lives.

How do we behave?

- **Hard work**
We are determined to see things through to the end and are resilient when faced with challenges.
- **Integrity**
We do the right thing because it is the right thing to do.
- **Teamwork**
We work together to help everyone succeed.

What do we do?

- We educate, safeguard and champion all our learners.
- We set high standards for ourselves and our learners.
- We build the powerful knowledge and cultural capital which stimulate social mobility and lifelong learning.

How will we succeed?

1. Aligned autonomy
2. Keeping it simple
3. Talent development

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1 | Introduction

- 1.1 The purpose of this Policy is to ensure that the Trust maintains and develops a robust system of financial control, which conforms with the requirements both of propriety and of good financial management. It is essential that these systems operate effectively to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education and Skills Funding Agency (ESFA).
- 1.2 We must comply with the principles of financial control outlined in the Academy Trust Handbook. This Policy expands on that and provides detailed information on our accounting policies and procedures and must be read by all colleagues involved with finance systems and/or decision making of a financial nature.
- 1.3 This Policy serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this document.

2 | Organisation

- 2.1 The Trust has defined the responsibilities of each person or committee involved in the administration of its finances to avoid the duplication or omission of functions and to provide a framework of accountability for Directors, governors and staff. The financial accountability and reporting structure is illustrated below.

The Trust Board

- 2.2 The Board has overall responsibility for the administration of the Trust's finances. The main responsibilities of the Trust Board are prescribed in the Master Funding Agreement (MFA) between the Trust and the ESFA and in the Trust's scheme of delegation. The main responsibilities include:

- ensuring that any grant from the ESFA is used only for the purposes intended
- approval of the Trust consolidated annual budget
- appointment of senior leaders
- appointment of the internal auditor
- approval of the Trust's Finance Policy and Scheme of Financial Delegation
- approval of the annual accounts
- approval of the Board's Annual Report
- scrutiny (once a term) of the risk register and ensuring the Executive Leadership Team updates this register as appropriate
- ensuring the annual accounts and ESFA Annual Accounts Return are produced in accordance with the requirements of the Companies Act 2006 and the ESFA guidance issued to academies
- determining the Trust's financial priorities
- annually reviewing and appointing the independent external auditor to the Trust
- considering all relevant reports by the external auditor, including reports on the Trust's accounts, achievement of value for money and the response to any management letters
- approval of any proposed restructuring plans presented across the Trust.

2.3 The Board will meet approximately five times a year. Other than the above, responsibility for the Trust's financial matters is delegated to the Finance and Resources Committee.

Finance and Resources Committee

2.4 Three times per year, prior to Trust Board meetings, the Finance and Resources Committee will meet to review finance agenda items for the Trust Board in more detail. In addition, the Committee will allow for closer interrogation and scrutiny of the Trust's latest consolidated financial position, proposed three year budget proposals and also to conduct fuller discussion and challenge of other financial matters that isn't always possible at the Main Trust Board meeting.

Audit and Risk Committee

2.5 Four times a year, the Audit and Risk Committee will meet to ensure the Trust maintains a strong system of internal controls. This will be undertaken by setting a programme of internal scrutiny, reviewing reports related to this, receiving annual accounts and recommendations from external auditors, and scrutinising compliance in various aspects of the Trust's operations, including, but not limited to, safeguarding and inclusion, HR, estates, health and safety, IT, governance and finance.

The Accounting Officer/Chief Executive Officer (CEO)

2.6 The Trust Accounting Officer has overall executive responsibility for all the Trust's activities including financial activities and is the designated Accounting Officer within the terms of the Funding Agreement and the Academy Trust Handbook. Accounting Officers have a personal responsibility for:

- the propriety and regularity of the public finances for which they are answerable
- keeping proper accounts
- prudent, economical administration
- avoidance of waste and extravagance
- effective and efficient use of all the resources in their charge
- signing the Trust's annual Statement of Regularity, Propriety and Compliance and other returns as required by the Education and Skills Funding Agency or Department for Education
- signing the Trust's annual Governance Statement, jointly with the Chair of Governors (see latest Accounts Direction)

2.7 The Accounting Officer must have oversight of financial transactions, by:

- ensuring the academy trust's property and assets are under the trustees' control, and measures exist to prevent losses or misuse
- ensuring bank accounts, finance systems and financial records are operated by more than one person
- keeping full and accurate accounting records to support their annual accounts.

Chief Financial Officer (CFO)

2.8 All academy trusts must have an employee who acts as its Chief Financial Officer (for ATT, this is the Deputy Chief Executive Officer - Finance & Operations). The CFO will work closely with the Accounting Officer through whom he or she is responsible to the Trust Board. The CFO also has direct access to the Trust Board via the Board Meetings and relevant Committees.

2.9 The main responsibilities of the CFO are:

- arranging for consolidated management accounts to be presented to the Trust Board as appropriate
- ensuring the Register of Business Interests is kept up to date
- regularly reviewing all on going contracts in the name of the Trust
- monitoring all spending and income received in the Trust including Trading Accounts

- ensuring that funding from the ESFA and other sources is used only in accordance with any conditions attached
- ensuring the Trust has appropriate internal financial controls in place and adheres to the policies and procedures as set out within the Academy Trust Handbook / ESFA updates
- discussing with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff
- Management of the Trust's financial position at the strategic level within the framework laid down by the Trust Board
- liaising with the external auditor to ensure that the Trust's annual report and accounts are prepared and presented to the Trust Board
- making appropriate arrangements for an internal audit appointment and coordinating the work programme across the academies and the Trust
- ensuring that the Trust has appropriate financial accounting systems and that they are kept up to date to meet reporting requirements

Local Governing Bodies (LGBs)

2.10 Each LGB has day to day responsibility for their Academy in accordance with their Terms of Reference. Under the Scheme of Delegation, responsibility for financial matters will reside with the Board, but LGBs should nonetheless be kept informed of their relevant Academy/Academies' financial position in order to have full context in relation to the decision-making involved which is of relevance to them (e.g. senior appointments at SLT level, staffing levels, allocation of other resources, etc.).

Principals

2.11 The Principal is the main budget holder within the Academies and is therefore responsible for ensuring that:

- expenditure is managed through an academic year against the agreed target as set by the Trust
- in conjunction with relevant central colleagues, any and all income generating opportunities are pursued
- individual budget holders are making effective and efficient use of their allocated budgets, and are held to account should that not be the case
- staffing levels are in line with the funding allocated
- all relevant returns – both internal and external – are completed and submitted on time
- academy staff at all levels comply with this and other finance-related policies

Finance Partners

2.12 The Finance Partners (referred to as Regional Education Finance Officers to 31 August 2024) work in close collaboration with their respective Principal through whom they are responsible to the LGB representative. The Finance Partner also has direct access to the LGB. The main responsibilities of the Finance Partner are:

- the day-to-day management of financial issues including the operation of the financial accounting system
- the management of the Academy financial position at an operational level within the framework for financial control determined by the Trust Board
- the maintenance of effective systems of internal control
- ensuring that the management accounts are properly presented and adequately supported by the underlying books and records of the Academy
- authorising orders per the DAL, in conjunction with budget holders
- ensuring that forms and returns are sent to the Trust Deputy Chief Executive Officer - Finance & Operations in line with the timetable set by the Trust Board
- ensuring all individual grants are audited as required Their work will be overseen and supported by two Senior Finance Partners will have strategic overview of financial management across Trust Academies and will also ensure controls and reporting requirements are being adhered to.

Director of Finance

2.13 The Director of Finance will work closely with the Deputy Chief Executive Officer - Finance & Operations, Finance Partners, central finance team and Finance Administrators. The Director of Finance will produce the monthly management accounts for the Trust Board, its Chair and Accounting Officer, as well as lead the annual year-end process. The main responsibilities of the Director of Finance are:

- ensuring that the management accounts are properly presented and adequately supported by the financial records held within the Trust's finance system
- ensuring that forms and returns are sent to the Deputy Chief Executive Officer - Finance & Operations in line with the timetable set by the Trust Board
- co-ordinating the annual audit process
- overseeing an accurate monthly reforecasting process for the Trust
- coordinating the budget setting process
- implementation and monitoring of internal controls for the Trust and the Trust Academies
- Chart of Accounts development
- Systems development
- review and propose changes to the Finance Policy annually
- responsible for submitting Annual Returns
- ensuring annual accounts are published on the Academy's website
- ensure that the Trust's VAT is correctly accounted for in accordance with HMRC requirements and promptly claimed on a monthly basis.

Other Staff

2.14 Other members of staff (e.g. Financial Controller) will have some financial responsibilities and these are detailed in the relevant sections of this Policy. All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

3 | Financial Planning

3.1 The academy trust prepares a three year financial budgets annually, which is presented to the Board at the end of the summer term for approval, and pending approval, must then be submitted to the ESFA through the Budget Forecast Return.

The budget cycle

3.2 The budget cycle is as follows:

- Autumn term (Sept – Dec)
 - Implementation of current budget plan
 - Monitoring expenditure (continuous-monthly)
 - Revised budget (where appropriate, and with FRC and Board approval)
 - Reconciliation and closure of previous financial year
- Spring term (Jan – Mar)
 - Monitoring and reviewing of year's budget
 - Use of Integrated Curriculum Financial Planning (ICFP) to help inform following year's budget
 - Development of budget proposals for new financial year

- Summer term (Apr – Aug)
 - Trust and its academies to develop and agree on budget proposals
 - Preparation and submission of financial budget plan for FRC and Board approval
 - Submission of three year budget to the ESFA
 - Review of in-year position with any key decisions to be agreed by Board and/or Chair

3.3 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

3.4 The Deputy Chief Executive Officer - Finance & Operations is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Board of Trustees, Chief Executive Officer and Executive Leadership Team. It is scrutinised in detail by the Finance & Resources Committee on behalf of the Board.

3.5 The annual budget will reflect the best estimate of the resources available to us for the forthcoming year and will detail how those resources are to be utilised. There must be a clear link between development plan objectives and the budgeted utilisation of resources.

3.6 The budgetary planning process will incorporate the following elements:

- Pupil numbers from current academic year, October census data, for GAG funding
- forecasts of the likely number of pupils for the following year
- latest estimate of other ESFA funding (e.g. Pupil Premium)
- review of other income sources available to each of the individual academies to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the future individual academy costs
- a zero-based approach to current year budgeting (where appropriate)
- identification of potential efficiency savings and future pressures
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
- all carry forward balances on non-pooled items
- any unspent grants from the previous financial year
- any funds held in Trust

3.7 Budget information will come from the following sources:

- The Accounting Officer and Deputy Chief Executive Officer - Finance & Operations (in line with Board strategic planning requirements), other central services
- Education Directors/Executive Principals/Principals - details of education expenditure (staffing and educational resources) and confirmation that budget holders have submitted reasonable budgets; using Integrated Curriculum Financial Planning and a zero-based budget approach; plus any other non-GAG income and estimated Pupil numbers
- Finance Partners – SEND funding streams
- HR – staffing & payroll data
- Estates – estates planning and priorities for revenue and capital budgets
- ICT – ICT planning and priorities for revenue and capital budgets
- Director of Finance – Grant income, interest receivable, other income (e.g. catering)

- 3.8 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income must be explored and expenditure headings will need to be reviewed for areas where efficiencies 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 our wider ATT strategic development plan (such as alleviating the deficit position or use within the Academy Strategic Improvement Fund). Any expenditure from surplus funds brought forward from the prior year; will need approval from the Finance and Resources Committee and Trust Board (through a virements process).
- 3.9 The aim is to achieve an in-year budget that maintains our reserves in line with the Reserves Policy. Surpluses above the minimum maintained reserves level, may either be held back for future projects or used towards one-off projects in the current period. Such projects to be determined by the Executive Leadership Team (but potentially with approval from the Chair of Trustees and/or Trust Board, dependent on the size of investment).
- 3.10 An in-year deficit budget can only be submitted for approval in exceptional circumstances and providing the deficit is covered by sufficient brought-forward accumulated surplus revenue reserves.
- 3.11 The approved budget is then entered onto the finance and budgeting systems at the start of the new financial year.

Other Government Funding

- 3.12 In addition to GAG funding from the ESFA, we may be awarded specific funding for other projects (e.g. additional SEND funding, Further Education etc.). This funding may be from the Department for Education or a local authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.
- 3.13 The Director of Finance is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Other Grants and Specific Funding

- 3.14 In addition to the GAG funding from the ESFA and other government funding, we 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 by the Deputy Chief Executive Officer - Finance & Operations. 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.
- 3.15 The Director of Finance is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Funds Held in Trust

- 3.16 Where funds are held in trust, the Director of Finance 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 (transfers between budget holders)

- 3.17 In a new financial year, and after a budget has been set at the tail-end of the preceding financial year, the Trust may be allocated new funding streams, it may have to create new posts or it may wish to release unspent, ringfenced funds (e.g. Pupil Premium). Under such circumstances, virements are a mechanism through which revised budgets can be set. If the Executive Leadership Team wished to set revised budgets for such significant changes, it would need to submit its proposals to FRC and/or the Board for approval at the end of the autumn term. If approved, the financial and budgeting systems would need to be updated with the revised budgets.

Revised Budget Forecast

- 3.18 Monitoring and analysis of the agreed budget will be carried out on a monthly basis by the Accounting Officer, Deputy Chief Executive Officer - Finance & Operations, Director of Finance and reports forwarded to the Chair of Trustees and Chair of the Finance and Resources Committee on a monthly basis; and also issued via GVO to the rest of the Board. In order to ensure Trustees are provided with as accurate a picture of the Trust's financial position, the budget forecast will be updated monthly and issued as part of its monthly management accounts.

Budget Forecast Return

- 3.19 The approved budget must be submitted to the ESFA by 31 August each year by the Director of Finance. The Director of Finance 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)

- 3.20 Monthly reports are prepared by the Director of Finance and consist of an Executive Summary, income and expenditure statement (containing variance analysis), cashflow forecast, balance sheet and capital spend summary. From the start of the 2024/25 academic year, a single page dashboard will also be provided as part of this pack.
- 3.21 Monthly reports are produced for academy Principals and they are accompanied by monthly meetings to review the reports.
- 3.22 Though operational budgets sit with Principals, the Directors of ICT and Estates nonetheless inform spend against ICT and estates budgets respectively. To that end, both Directors receive monthly reports providing information on spend against the relevant budgets.
- 3.23 The monthly management accounts are consolidated by the Financial Controller and reviewed by both the Director of Finance and the Deputy Chief Executive – Finance & Operations.

4 | Independent Checking Procedures

Committees

- 4.1 The Board of Trustees has established an Audit and Risk Committee and a Finance and Resources Committee, who meet in accordance with the global calendar, or more frequently if required. The committees are responsible for monitoring and making recommendations to the Board of Trustees on matters related to finance, resources, audit and risk. The Board of Trustees has for each committee:
- Defined its terms of reference
 - Prescribed the extent to its delegated authority to each committee
 - The Board of Trustees continually reviews the membership of each committee; to ensure that the appropriate skills and experience to support the challenge, support and intervention of the Executive team is available.
 - Clarified the need for each committee to submit minutes of the committee meetings to the Board of Trustees.

Internal scrutiny

- 4.2 At the start of each academic year, the Audit and Risk Committee must set a programme of internal scrutiny (which would typically comprise of three-four separate audits/reviews), with part of the programme having to include an annual review of financial controls (through an internal audit that is conducted by a third party audit firm).
- 4.3 Internal scrutiny must focus on:
- Evaluating the suitability of, and level of compliance with, financial and other controls. This includes assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed.
 - Offering advice and insight to the board on how to address weaknesses in financial control and other controls, acting as a catalyst for improvement, but without diluting management's responsibility for the day to day running of our Trust
 - Ensuring all categories of risk are being adequately identified, reported and managed.
- 4.4 As and when reviews/audits are completed, reports should be submitted to the Committee for review, and the Committee should then ensure that the Trust has completed any recommendations made.
- 4.5 The Trust needs to submit an annual report on internal scrutiny to the ESFA along with its annual accounts by 31 December each year.

5 | Review of Regularity

- 5.1 The Chief Executive Officer (in their role as Accounting Officer) reviews the following to ensure our Trust is working within the boundaries of regularity and propriety:

- reviews monthly management accounts
- reviews annual compliance against the scheme of delegation (via internal audit programme)
- reviews transactions for evidence of related party transactions
- value for money practice

5.2 The Accounting Officer has delegated the following responsibilities to the Deputy Chief Executive Officer - Finance & Operations:

- adherence to the Procurement Policy
- review of transactions confirming in line with delegated authorities as set out by the Academy Trust Handbook

6 | Annual Accounts

6.1 We must prepare annual audited financial statements for the accounting period to 31 August.

6.2 The accounts are outsourced to external auditors for preparation.

6.3 The accounts are then submitted as follows:

- by 31 December – to EFSA
- by 31 January – published on our own website
- by 31 May – to Companies House

Value for money statement

6.4 As part of the annual accounts the trust must include 3 focused examples of value for money (i.e. the achievement of economy, efficiency and effectiveness).

6.5 The Deputy Chief Executive Officer – Finance & Operations is responsible for collating the examples which are then confirmed by the Finance and Resources Committee.

Audit arrangements

6.6 External auditors must be appointed in accordance with the Academy Trust Handbook.

6.7 The Director of Finance 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

6.8 The Director of Finance is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:

- reviewing and maintaining the structure of the trial balance
- maintaining a fixed asset register; including monthly depreciation charges
- maintaining income and expenditure records (including processing of invoices)
- reviewing aged debtors for any bad debt provisions required
- reviewing aged creditors for any misallocation of payments, missing invoices or unpaid

debts

- ensuring a record of Trustees/Local academy committee members interests, related party transactions is maintained
- control account reconciliations (bank, wages, debtors, creditors, VAT, PAYE/NIC, credit card, paying-in-slip)
- prepayments and accruals of income and expenditure.

Work undertaken for the year end

- 6.9 The Director of Finance is responsible for the following, in addition to the monthly tasks, the 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
 - FRS102 LGPS pension valuations
 - Teachers Pensions Audit
 - Close down of the purchase and sales ledger
 - Roll forward of closing balances into the new financial period within our accounting system.

Accounting policies

- 6.10 The accounting policies are set out in our annual accounts. Any changes to the accounting policies must be made on the advice given by the Deputy Chief Executive Officer - Finance & Operations and approved by the Audit and Risk Committee as well as the Finance and Resources Committee.

7 | Accounts Return

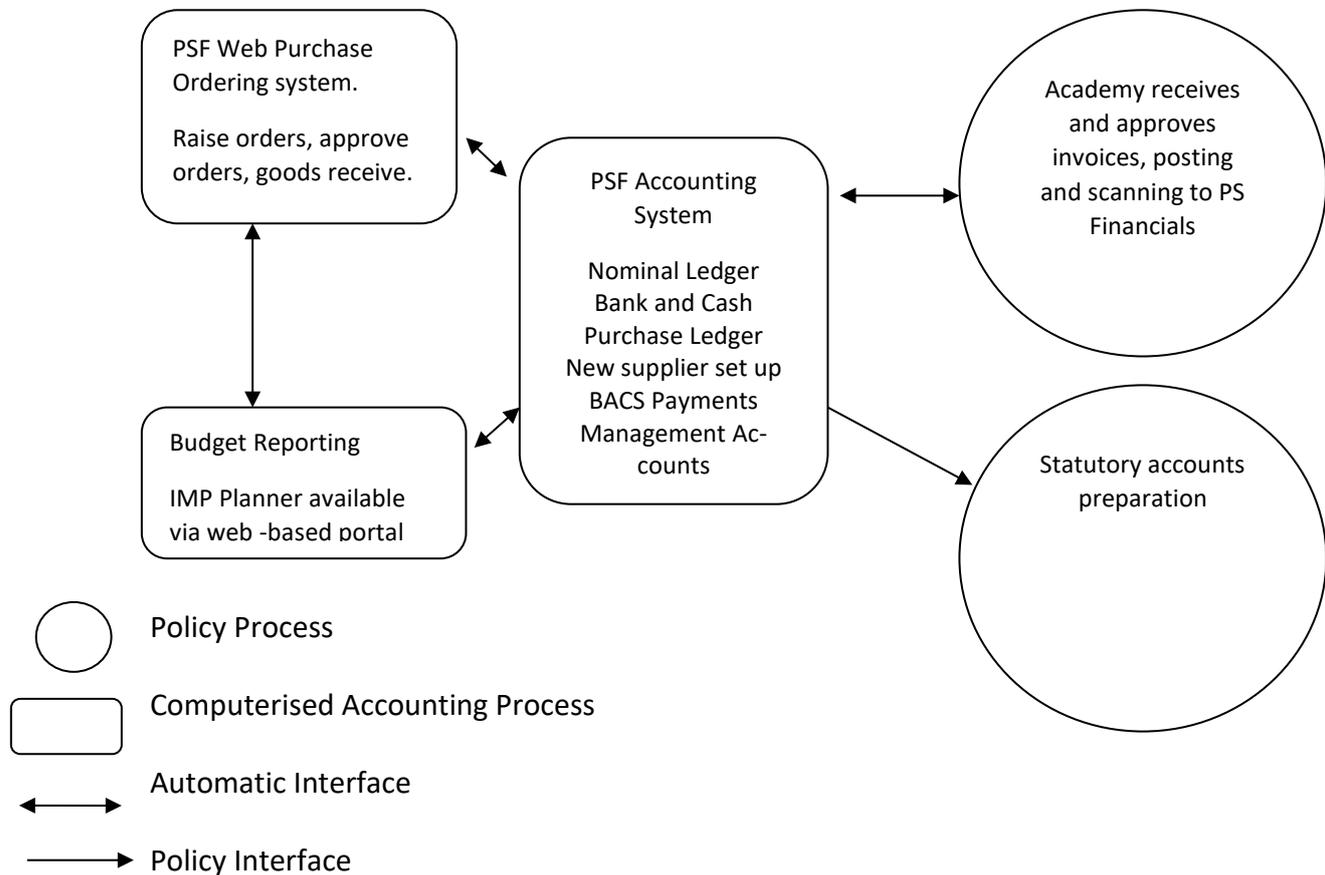
- 7.1 We must prepare an Annual Accounts Return for the accounting period to 31 August, which is submitted to the ESFA in late-January.
- 7.2 The accounts return is prepared by the external auditor with input from the Director of Finance and Financial Controller.

8 | Document Retention

- 8.1 Documents are retained as per our Trust's Record Management Policy.

9 | Accounting System

- 9.1 All the financial transactions of our Trust must be recorded into PS Financials, the financial information accounting system. This system is operated by the Finance Department and consists of:



System Access

- 9.2 Access to PS Financials is password restricted. Administrator rights are managed by our provider PS Financials; with co-ordination of new users managed through the Projects Systems Accountant.
- 9.3 The system is accessed by passwords, which are changed routinely, and only known by the relevant member of staff and PS Financials.
- 9.4 If an outside provider has access to our system, then they are given their own user ID and password. Access for outside providers must be authorised by the Deputy Chief Executive Officer - Finance & Operations.
- 9.5 Access to our bank facilities is administered through Lloyds Bank and managed by the Director of Finance and Financial Controller.

Back-up Procedures

- 9.6 The Director of Finance is responsible for ensuring that there is effective back up procedures for the system. As PS Financials is a cloud-based system, all data stored is automatically backed-up on separate servers in different locations of the UK.

Transaction processing

- 9.7 All transactions input to the accounting system must be authorised in accordance with the procedures specified in these regulations and the scheme of delegation.
- 9.8 All journal entries are approved by the line manager within Finance and in line with standard procedures and workbooks approved by the Director of Finance for accruals, deferred income, accrued income and depreciation. Backing worksheets are retained in sharepoint each month to support adjustments. Prepayments are generated automatically within the finance system based on Purchase Ledger Team data input. All debt write offs must be approved by the DCEO Finance and Operations.
- 9.9 Bank transactions are input by members of the finance team, reconciled by the Project Systems Accountant and reviewed by the Director of Finance.

Transaction reports

- 9.10 The Director of Finance reviews the following system reports to ensure that only regular transactions are posted to the accounting system:
- Bank reconciliation reports
 - Reports for the payroll, purchase ledger and sales ledger
 - Management accounts summarise expenditure and income against budget at location and key cost centre level.

Reconciliations

- 9.11 The Director of Finance is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- Bank accounts
 - Sales ledger control account
 - Purchase ledger control account
 - Payroll control account
 - VAT control account
 - Credit card control account
 - Paying-in-slip control account
 - Income reconciliation
- 9.12 The Financial Controller signs off monthly checklists confirming completion of reconciliations as evidence of review. Reconciliations should be completed within five working days of month-end.
- 9.13 Any unusual or long outstanding reconciling items are brought to the attention of the Deputy Chief Executive Officer - Finance & Operations and dealt with according to the bad debt limits in this Policy.

10 | Cash Management

Treasury management

- 10.1 The current treasury management policy is maintained within our Investment Policy.
- 10.2 The main aims of the policy are to:
- Ensure adequate cash balances are maintained within our main current account to cover the daily working capital requirements.
 - To minimise the risk of loss in the capital value of any cash funds invested and
 - To optimise returns on invested funds for the benefit of our charitable aims and objectives.

Bank Accounts

- 10.3 The following procedures must be followed when opening a bank account and operating it:
- the Deputy Chief Executive Officer - Finance & Operations is responsible for selecting the banking institution and negotiating the terms and conditions
 - the Finance & Resources Committee must authorise the opening of all bank accounts
 - the Director of Finance will ensure that in the event of changes to key personnel, 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 Deputy Chief Executive Officer - Finance & Operations must inform the bank, in writing, that their accounts must not become overdrawn
 - the Director of Finance must ensure there are sufficient funds to cover large payments; via the preparation of monthly 12 month rolling cash flow forecasts
 - The bank mandate for all our bank accounts will include the Accounting Officer, Deputy Chief Executive Officer - Finance & Operations and Director of Finance as representatives.

Cash deposits

- 10.4 The cash levels held at individual academies are low since the introduction of electronic parent payment systems. The academy Finance Assistant and one other control deposits and withdrawals from the academy safe using a signed cashbook ledger. The cash levels are reconciled to this ledger on a monthly basis.
- 10.5 Each school has an advised maximum cash balance which when exceeded will trigger the need to deposit the balance. Some schools use a security firm to collect deposits and in other cases the financial assistant will undertake the banking personally.
- 10.6 A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
- the amount of the deposit
 - a reference (for example the number of the receipt or the name of the debtor)
- 10.7 The Finance Administrator is responsible for either sending a scanned copy of the paying in

slip to the Central Finance Team or updating the accounting system directly (within 2 working days) for deposits placed.

- 10.8 The cash carrying limits for taking cash deposits to the bank are set by our insurers, which is currently set at £5,000.

Payments and withdrawals

- 10.9 Trust banking is conducted through the online banking portal and through trust financial systems which allows for efficient, auditable segregation of duties.
- 10.10 Any document or system authorising withdrawal from the Trust bank account must bear the signatures or electronic approval of two authorised signatories, one of whom must be either the Director of Finance or the Deputy Chief Executive Officer - Finance & Operations. The Purchase Ledger Team set up one supplier payroll weekly to settle supplier invoices close to the payment terms agreed. A further two regular paylists are set up: one for expenses and another for Bursary payments to students.
- 10.11 Electronic banking signatories are not permitted to also set up payments within the electronic banking system with the exception of inter-account transfers to manage treasury levels between Trust accounts. Supplier Paylists are reserved for invoices which have been matched to an authorised, goods receipted order. Faster payments are rare and for urgent payments only. The use of cheques is now rare but where a cheque payment is required, authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

Administration

- 10.12 The Financial Controller ensures 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 Trust's finance system
 - reconciliations are prepared by the Finance Department
 - reconciliations are subject to an independent monthly review carried out by the Director of Finance or in his/her absence the Deputy Chief Executive Officer - Finance & Operations
 - adjustments arising are dealt with promptly.

Petty Cash and Cash Used Overseas

- 10.13 Petty cash is not to be used to pay for Trust expenditure. Academies procure goods and services through supplier contracts, purchase orders or use corporate charge cards.
- 10.14 The Principal or other designated teaching staff member may be required to hold cash when taking pupils on overseas trips. The Principal is responsible for ensuring that the risks of carrying such cash are appropriately managed and if necessary, consider an arrangement allowing such member of staff to use a currency card. All requests for foreign currency must be made to the Director of Finance.

E-procurement & Payments

- 10.15 The operation and control of our charge cards (through Lloyds Bank) is the responsibility of the Director of Finance. There will be appropriate oversight of the distribution of such cards

and the associated card limits in line with the scheme of delegation and authorisation limits.

10.16 Full procedures on their management and usage are set out in the Credit Card Policy.

BACS Payments

- 10.17 On receipt of an invoice, the Purchase Ledger team will:
- Confirm that the purchase order number on the invoice matches that approved within PS Financials or the ATT financial system at the time
 - Confirm that the value per the invoice matches that of the approved purchase order and that it has not been previously paid
 - VAT chargeability on qualifying expenditure is shown
 - Check that goods have been received in full within the financial system
 - Check the supplier payment due date and terms and that the supplier bank details are per the ATT financial system
- 10.18 A member of the Purchase Ledger Team generates an automated weekly payroll from within the financial system. The system payroll comprises fully matched invoices only (per checks above). The PLT team member uploads the payroll as a consolidated electronic file into the Lloyds electronic banking portal. The payroll is reviewed and approved electronically by the Director of Finance or the Financial Controller and one other senior finance team member. Paylists not approved before the 5pm banking cut off are automatically cancelled.
- 10.19 BACS payments are normally processed within a month of receipt of invoice, although every effort is made to ensure that we benefit from early payment discounts.
- 10.20 BACS payments are made weekly.
- 10.21 The Human Resources Team ensures that evidence is kept of the employment status test criteria applied (i.e. IR35), when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Human Resources Team will request that the individual states their self-employment reference number on any invoice issued to the school.

11 | Investments

- 11.1 Investments are made in accordance with written procedures approved by the Board of Trustees, within our Investment Policy.
- 11.2 All investments are 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.

12 | Reserves

- 12.1 Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
- 12.2 The Chief Executive Officer as Accounting Officer must inform ESFA immediately if a deficit is anticipated.
- 12.3 If the academy trust is anticipating a deficit at the end of any financial year, the Executive Team have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The governing body must ensure that a recovery plan is submitted and approved by the ESFA.
- 12.4 Fuller details on the Trust's approach to reserves is maintained within the Reserves Policy.

13 | Capital Reserves

- 13.1 Any overall surpluses at the end of the year are carried over to the following year.
- 13.2 It is the responsibility of the Director of Finance to keep accurate records of the capital funds, especially where grants have been received for capital projects.

14 | Payroll

Staff Appointments

- 14.1 Staff appointments are dealt with under our Recruitment and Selection Policy.

Payroll Administration

- 14.2 Payroll is administered through the academy trust's payroll provider (Schools Choice). The Director of People Strategy is responsible for payment of salaries.
- 14.3 All our colleagues are paid monthly through the payroll provider. Employee records are created and maintained by HR staff within each academy with Schools Choice acting as payroll bureau. Payroll records for each employee include the following information:
- salary
 - bank account details
 - taxation status

- personal details
- any deductions or allowances payable
- other legal and relevant details

- 14.4 New employee records or changes to employee records are created by the academies-based HR Administrators (overseen by the central HR team). Any changes are authorised and logged. Any payroll changes made by the Human Resources Department, an audit report must be produced each month prior to the payroll run and must be authorised by the Principal (for academies) and the Chief Executive Officer (for central staff).
- 14.5 In accordance with the local academy absence reporting procedures, all absences reported to HR and are input into the payroll system by the Human Resources Department and any pay adjustments are automatically calculated.
- 14.6 Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the budget holder. The Human Resources Department then input the hours into the payroll system for payment.
- 14.7 The Human Resources Department will regularly communicate a timetable for payroll processing specifying key dates for each month.

Payments

- 14.8 Before payments are dispatched a copy of the pre-payroll reports including the audit report of changes will be sent to the Human Resources Department to check the accuracy of any changes with the Principals or Chief Executive Officer for central staff. Authority to release payment for the final approved payroll will be made by the Director of People Strategy, Deputy Director of People Strategy or Director of Finance upon final check and approval of payroll reports by the due date.
- 14.9 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The final approved amounts payable are summarised on the gross to net pay files produced by the payroll provider to the Trust. BACS amounts by individual employee are prepared by the Payroll provider and uploaded into the Trust banking portal for batch payment.
- 14.10 All salary payments are made by BACS.
- 14.11 The Finance Department prepare monthly payroll reconciliations, reviewed and signed by the Financial Controller.
- 14.12 After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Department should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

Salary advances

- 14.13 The Trust does not normally award salary advances but may do so in exceptional circumstances. Where this arises, approval needs to be provided by either the Director of People Strategy or Deputy Chief Executive Officer – Finance & Operations.

Overtime

- 14.14 Overtime is recorded by the individual on a claim form or via the online Employee Self Service portal. The request is then submitted to their line manager for authorisation. Once authorised, the line manager submits the completed claim form to the Human Resources Department by the appropriate monthly deadline for payment.
- 14.15 Claim forms must not be submitted prior to work having been undertaken but the overtime must be agreed by the line manager prior to the hours being worked. Unauthorised overtime may not be paid.
- 14.16 No payments for work undertaken by employees will be made other than via the payroll system.

Severance and compensation payments

- 14.17 Non-contractual severance payments are those 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. Such payments are only made in exceptional circumstances.
- 14.18 We are able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented by HR to both the Chief Executive Officer and the Deputy Chief Executive Officer - Finance & Operations.
- 14.19 Where the non-contractual element of severance payments is on or over £50,000 the Trust must obtain prior approval from the ESFA. A business case must be presented by the Director of People Strategy to the Accounting Officer and Deputy Chief Executive Officer - Finance & Operations for sign-off prior to payment.
- 14.20 Compensation payments are different to severance payments. Compensation payments are made to provide redress for personal injuries, traffic accidents, damage to property etc. If we are considering making a compensation payment then we must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved.
- 14.21 Compensation payments up to £50,000, and over £50,000, are dealt with in the same manner as non-contractual severance payments.

Ex-gratia payments

- 14.22 Any ex-gratia payments must be submitted by the Deputy Chief Executive Officer - Finance & Operations to the ESFA for prior approval.

Pension Schemes

- 14.23 The Director of People Strategy (delegated to Schools Choice) is responsible for the administration of our pension arrangements including:
- The calculation and payment of the Teachers Pension Scheme and the Local Government Pension Schemes.
 - Preparing the monthly and annual return for these pension schemes
 - Ensuing the audit of the Teachers' Pension Scheme is completed annually
 - Ensuring compliance with current legislation.
- 14.24 The Director of Finance is responsible for obtaining the FRS102 pension valuations for the Local Government Pension Schemes; and for reviewing the financial impact on us of any funding reviews.

15 | Income

- 15.1 The Deputy Chief Executive Officer - Finance & Operations has overall responsibility for ensuring that all income due is properly accounted for. Day-to-day responsibility is delegated to the Director of Finance and Financial Controller.
- 15.2 Income, including valuations for donated services and gifts in kind, are accounted for in accordance with the requirements set out in the Academy Trust Handbook.

ESFA grants

- 15.3 Our main source of income are the grants from the ESFA. The receipt of these sums is monitored directly by a Finance Assistant, reporting into the Financial Controller, who is responsible for ensuring that all grants due to the Trust are collected.
- 15.4 The ESFA grant income will be paid direct into our main bank account and distributed to the relevant Academy budget.

Other grants

- 15.5 The receipt of these sums is monitored directly by the Finance Partners, who are responsible for ensuring that all grants due to an academy are collected.

Trips

- 15.6 A lead member of staff must be appointed by the Principal for each trip to take responsibility for the collection of sums due. The lead member of staff must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Administrator. Alternatively, the Trip will be set up within the Bromcom MIS system to manage receipts against planned expenditure.
- 15.7 Parents and/or Students will make payments to our main bank account, via the local academy

on-line banking facility (e.g. School Money, ParentPay etc).

- 15.8 The Finance Administrator will maintain an up-to-date record for each student showing the amount paid and the amount outstanding. This record will be sent to the lead member of staff on a weekly basis and the lead member of staff is responsible for chasing the outstanding amounts. Alternatively the Trip income records and funding progress against expected costs will be available to the lead member of staff through the Bromcom system.
- 15.9 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 is redistributed to parents. If the academy decides to subsidise the trip the amount of subsidy must be approved by the Principal in advance of the booking being made and be included within the budget forecast.

Catering

- 15.10 The catering contract charges and any income credits received are allocated to academies by the central finance team. The bank credits are reconciled to the individual academy school money system or Bromcom reports in the first instance by the Finance Administrator.

Lettings

- 15.11 All lettings are subject to a lettings agreement, setting out the terms and conditions of the academy letting, including the agreed charge.
- 15.12 The Director of Estates is responsible for maintaining records of lettings and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
- 15.13 Details of organisations using our facilities will be held by the Finance Administrators who will establish a sales ledger account and produce a sales invoice from the accounting system.
- 15.14 Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, DBS, First Aid, Instructor etc.) are kept with the lettings agreements and are reviewed at least annually.

Sundry income

- 15.15 Income from other sources (for example educational consultancy) is priced in consultation with the relevant directorate lead and the Deputy Chief Executive Officer - Finance & Operations. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay in accordance with the agreed Consultants Policy. The Deputy Chief Executive Officer - Finance & Operations approves all credit agreements.

Gift aid

- 15.16 As we have an exempt charitable status for tax purposes, we are able to claim gift aid on donations from individuals.
- 15.17 To ensure we receive all the monies we are entitled to the Director of Finance:
- reconciles income against records to confirm expected amounts have been received from the donor

- ensures the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

Bad debts

- 15.18 The finance department chases all monies due, and those that have not been paid within 30 days of an invoice being issues, by telephone or letter.
- 15.19 If the debt remains irrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Director of Finance submits a monthly report to the Deputy Chief Executive Officer - Finance & Operations for approval of write off.
- 15.20 All bad debt write-offs must be approved by the Deputy Chief Executive Officer - Finance & Operations. Any write-offs will be approved in accordance with the ESFA guidelines; with delegated authority limit being subject to a maximum of £250,000 are:
- 1% of total annual income of £45,000 (whichever is smaller) per single transaction
 - Cumulatively, 5% of total annual income in any financial year per category of transactions for trusts that have not submitted timely, unqualified accounts for the previous two financial years.
- 15.21 Authorisation and signing limits of bad debt write-offs are given in the Scheme of Financial Delegation.

16 | Purchasing

- 16.1 We must achieve value for money on all purchases. A large proportion of our purchases are paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:
- Probity, we must be able to demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy
 - Accountability, we are publicly accountable for our expenditure and the conduct of our affairs
 - Fairness, that all those dealt with by us are dealt with on a fair and equitable basis
- 16.2 The Director of ICT, as the Trust lead for procurement, is responsible for ensuring our Procurement Policy is known and observed by all involved in purchasing. Further details of the responsibilities of the procurement function is given in the Procurement Policy.

Routine Purchasing

- 16.3 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month. Budget holders will be able to monitor data relating to their own budget areas on a monthly basis via reports from the on line financial information system.

- 16.4 Routine purchases can be ordered, via PS Financials, by budget holders in accordance with the Scheme of Financial Delegation. In the first instance a supplier will be chosen from the list of approved suppliers maintained by the Finance Department. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with **in accordance** with the Scheme of Financial Delegation. Copies of all quotes must be attached to the order form.

E-procurement

- 16.5 Any department wishing to make a purchase on credit card must complete an order form and pass this to the Finance Administrator to make the purchase unless the card holder is the Principal. All order forms detailing the purchase must be signed by the Budget Holder and Card holder. Alternatively an electronic workflow will allow for sign off by the budget holder through the financial system.

Purchase Orders

- 16.6 All orders of goods and services (including capital items) must be made in accordance with the Procurement Policy and Scheme of Financial Delegation. All spending commitments should be pre – authorised via a purchase order within the finance system. The exceptions to this are:
- Agency staff
 - Utility bills
 - Urgent and unavoidable spend on repairs and maintenance
 - Items such as legal and professional fees, as procured through an engagement letter.
- 16.7 All purchase orders must be made electronically using PS Financials to ensure all orders are pre-numbered, unique and appropriately authorised. It is the responsibility of the person placing the order to ensure that the budget holder has approved the purchase order prior to placing the order.
- 16.8 Approved purchase orders will be recorded in the purchase order module of PS Financials which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier either by the individual raising the request or by the Finance Assistant.
- 16.9 The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt of goods the budget holder must undertake a detailed check of the goods received against the original order and make a record of any discrepancies. Discrepancies will be discussed by the budget holder with the supplier of the goods without delay. It is the responsibility of the budget holder to inform the Finance Assistant within 48 hours that the goods have been received and to pass on any delivery notes, so that the receipt can be noted in the financial system (the goods received note (GRN)).
- 16.10 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Assistant will be notified. The Finance Assistant will keep a record of all goods returned to suppliers. If a budget holder is pursuing a query with a supplier the Finance Assistant must be informed of the query and periodically kept up to date with progress.

- 16.11 All invoices will be sent to the Purchase Ledger Team's dedicated invoice mailbox. Invoices will be scanned into the PS Financials purchase ledger module and attached as an electronic record to the transaction within the financial system. The Purchase Ledger Team, potentially assisted by Procure to Pay technology, will check the following before authorising payment:
- invoice total value is within small tolerance against the value of the purchase order goods/ services marked as received within financial system
 - VAT treated correctly.
 - Supplier bank details agree to current in financial system
- 16.12 At the end of each month, the Purchase Ledger team will produce an analysis of the number of unmatched invoices by location and the reasons for delay (under dispute, no PO raised, not goods receipted, value exceeds PO, supplier detail changes being confirmed etc). At the end of each month the Finance Department will produce a list of outstanding invoices and, following appropriate rules will accrue any significant values into the latest accounts.
- 16.13 BACS payments are input by the Purchase Ledger Team and authorised on-line by two signatories in accordance with the banking policy and procedures (see E-procurement and Payments above).

New Suppliers

- 16.14 The Director of Finance is responsible for ensuring that there are robust procedures and protocols in place for setting up new suppliers and for undertaking changes to their standing data (e.g. change of bank details).
- 16.15 All new supplier set up requests must be sent to the Purchase Ledger Team; who will provide the requester with the required new supplier form that contains the initial information to be provided.
- 16.16 Independent checks will be performed by the Purchase Ledger Manager and/or Purchase Ledger Clerk on the information provided (e.g. getting telephone confirmation of the bank details).
- 16.17 New suppliers, along with changes to bank details of existing suppliers, will be authorised by the Director of Finance and/or Financial Controller.

Trading with connected and related parties

- 16.18 Related parties include persons and entities with control or significant influence over the academy trust, and members of the same group (e.g. parent and subsidiary companies, key management personnel and close family members). The Academy Trust Handbook, Accounts Direction and Charities SORP all provide detailed commentary on this area. Appendix A captures key guidance that the Trust and Trust Board need to abide by.

Goods and services for private use

- 16.19 No goods are ordered or services provided to include any elements of private use by our any of our Trustees, Governors or colleagues.

Tendering

- 16.20 All purchases with a value over £40,001 or more are subject to a formal tender process (i.e. minimum three quotes). We will advertise throughout the member states of the European Community where there is a legal requirement to do so. Where appropriate, the suppliers invited to tender are drawn from our approved list of suppliers maintained by the Finance Department. Where required by the conditions attached to a specific grant from the ESFA, the relevant body's approval is obtained before accepting a tender.
- 16.21 Further details of our tendering process are given in the Procurement Policy.

Insurance

- 16.22 The Deputy Chief Executive Officer - Finance & Operations and Director of Finance review 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.
- 16.23 The Trust is a member of the DfE's voluntary RPA (Risk Protection Arrangement) and takes out additional policies to cover Trust vehicles, Engineering Inspection and Chancelry cover.
- 16.24 The Trust is liable for retention values on claims for loss and damages. Budget holders must ensure all valuable items are kept under lock and key when not being used in a supervised manner.
- 16.25 It is the responsibility of our colleagues when using their own motor vehicle on behalf of Trust business to ensure that they have appropriate insurance cover for business use on their own personal insurance policy.

Personal Expenses

- 16.26 Most purchases are made via our purchase ledger system without colleagues having to incur any personal expense. However, on occasions, our colleagues will incur expense, usually in relation to travel and subsistence. In these circumstances the personal expense will only be reimbursed in accordance with our Expenses Policy.

Gifts

- 16.27 Ordinarily gifts must be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 are reported to the Accounting Officer 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. Further details are given in the Anti-Bribery Policy.
- 16.28 Gifts that have been reported are entered onto the gifts and hospitality register maintained by the Director of Finance.

17 | Fraud

- 17.1 As a Trust we do not tolerate fraud. Where instances of fraud above £5,000 are found the Deputy Chief Executive Officer - Finance & Operations will notify the ESFA. Further details are given in our “Anti-Fraud Policy”.

18 | Whistleblowing

- 18.1 As a Trust we are committed to ensuring that our colleagues have the ability to raise serious concerns internally without fear of reprisals. Further details are given in our “Whistleblowing Policy”.

19 | Leasing

- 19.1 Leasing is a common method of financing purchases. Lease arrangements fall into two categories: a finance lease or operating lease.
- 19.2 Finance leases represent borrowing and are not allowed under the Academy Trust Handbook. If such leases are to be entered into, then we must seek ESFA prior approval.
- 19.3 The Deputy Chief Executive Officer - Finance & Operations is responsible for approving all operating leasing and hiring arrangements under the Scheme of Delegation.
- 19.4 No leased item is disposed of without the express permission of the leasing company. This includes sale, part exchange, scrapping, donating, re-leasing, subletting or other form of disposal.

20 | Taxes

VAT

- 20.1 The Director of Finance is responsible for authorising the monthly VAT return. The Financial Controller is responsible for preparing and submitting the monthly VAT return; including any partial exemption calculations.

Corporation Tax

- 20.2 As we are an exempt charity, we should not be liable to corporation tax on any surpluses generated in the period. However, the Deputy Chief Executive Officer - Finance & Operations must be consulted on any proposed new activities for generating additional income in order to identify whether there are any corporation tax implications.

National Insurance and Income Tax

- 20.3 National insurance contributions and income tax are due on salary payments. The deduction of these taxes and payment to HRMC is the responsibility of the Director of People Strategy (via the assistance of Schools Choice, our external payroll provider).

21 | Fixed assets

Asset register

- 21.1 The Director of Finance is responsible for maintaining the fixed asset register; alongside the provision of information from the Director of Estates and Procurement and ICT Director.
- 21.2 All items purchased with a value over the capitalisation limit of £5,000 must be entered on the fixed asset register with the following details:
- Asset description, asset number, date of acquisition, asset cost, location
 - Source of funding (% of original cost funded from grant and % funded from other sources)
- 21.3 These details, alongside the standard assumptions on useful life and depreciation policy by type of asset, allow the Trust to determine useful current book values by asset as required.
- 21.4 Leasehold Land and Building assets constitute the great majority of Trust capital assets, followed by Freehold properties, Furniture and IT equipment.
- 21.5 Land and Buildings and IT costs are grouped into Projects codes at the point of raising orders which facilitates tracking to tangible assets.
- 21.6 The Trust will capitalise groups of assets which may not individually meet the £5,000 limit where these represent a common project for example the largescale replacement of IT assets to align with Windows 11 planned for 23-24-25
- 21.7 In addition to the fixed asset register, the Trust IT department maintains an Operational Asset register which records all items of significant operational value which might not individually meet the capitalisation criteria (for example laptops, whiteboards, cameras, pad's, trolleys etc). This register records who is responsible for each piece of equipment, date of purchase, original cost, make, model, serial number, location and condition
- 21.8 The Operational asset register helps:
- ensure that our colleagues 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.

Security of assets

- 21.9 All the items in the register are permanently and visibly marked as the Trust's property.
- 21.10 Equipment is, where possible, stored securely when not in use.
- 21.11 An annual count is undertaken by the Estates and IT departments, who are different from the preparer of the fixed asset register. Where discrepancies between the physical count and the amount recorded in the fixed asset register are found these are investigated promptly and, where significant, reported to the Director of Finance.

Disposals

- 21.12 Disposals, where applicable, are made in line with the Academy Trust Handbook. We must seek ESFA approval for the disposal of the following:
- Freehold land and buildings
 - Heritage assets beyond any limits set out in the Academy's Funding Agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.
- 21.13 Items which are to be disposed of by sale or destruction must be authorised for disposal by either the Director of Estates and Procurement (Land, building, fixtures and fittings, motor vehicles) or ICT Director (IT hardware and software) and, where significant, will be sold following competitive tender.

Loan of Assets for Personal Use

- 21.14 Items of the Trust's property must not be used for personal use without proper authorisation from either Director of Estates and Procurement (Land, building, fixtures and fittings, motor vehicles) or ICT Director (IT hardware and software). This excludes the use of mobile phones and personal computers/laptops/tablets; where any personal use will be in line with the ICT Acceptable Use Policy and Staff Code of Conduct.
- 21.15 Items of the Trust's property must not be removed from any of our premises without the authority of the Principal. A record of the loan must be recorded in a loan book by the Principal and booked back in academy when it is returned.
- 21.16 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 will therefore be kept under review and any potential benefits discussed with the Deputy Chief Executive Officer - Finance & Operations.

22 | Other

Novel and contentious transactions

- 22.1 At times we may need to enter into or perform transactions that are outside our usual planned range of activities. Novel transactions are where we may have nil or limited experience or are outside of our normal range of business activities. Contentious transactions are those which might give rise to criticism from member of the public or the media. It is difficult to be specific as to what constitutes a novel or contentious transaction; and thus we are required to use our professional judgement in deciding. All such transactions require ESFA prior approval before the transaction is processed.

Alcohol

- 22.2 Under no circumstances must Trust funds be used for the purchase of alcohol.

Appendix A – Related Party Transactions

- 1.1 Connected and related parties arise where one party has control or influence over the other, or where the parties are subject to common control. This includes
- parent companies and their subsidiaries
 - parties have significant influence over the entities above
 - key management personnel including company directors, executive or otherwise
 - close family members of any of the above
 - other entities in which these parties have a controlling interest.
- 1.2 UK Accounting Standards require transactions between related parties to be disclosed in the annual financial statements as connected party transactions. Such transactions are permitted under company law, charity law and the Academy Trust Handbook provided that open and transparent procurement procedures have been followed and any potential conflicts of interest are adequately and appropriately managed.
- 1.3 We must be even-handed in our relationships with connected parties by ensuring that:
- trustees understand and comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements
 - all members, trustees, local governors of academies within our trust, and senior employees have completed the register of interests, and there are measures in place to manage any conflicts of interest
 - no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
 - the Charity Commission's prior approval is obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee
 - any payment provided to the persons referred to as a connected person satisfies the 'at cost' requirements in this handbook
- 1.4 We recognise that some relationships with connected parties may attract greater public scrutiny, such as:
- transactions with individuals in a position of control and influence, including the chair of the board of trustees and accounting officer (senior executive leader)
 - payments to commercial organisations which have a profit motive, as opposed to those in the voluntary sector
 - relationships with external auditors that go beyond their duty to deliver a statutory audit
 - we will maintain sufficient records, and make sufficient disclosures in our annual accounts, to evidence that transactions with these parties, and all other connected parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector.
- 1.5 We will seek ESFA's prior approval for transactions with connected parties that are either:
- novel, contentious and/or repercussive (regardless of value) or
 - a contract or other agreement exceeding £20,000
 - a contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed,

£20,000 in the same financial year ended 31 August.

- To note: contracts and agreements with related parties do not include salaries and other payments made to a person under a contract of employment through our payroll.

1.6 We must pay no more than “cost” for goods or services provided to it by the following persons (‘services’ do not include contracts of employment):

- any member or trustee
- any individual or organisation connected to a member or trustee. For these purposes the following persons are connected to a member, or trustee:
 - a relative of the member or trustee. A relative is defined as: a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner;
 - an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee;
 - a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% 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 or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual’s or organisation’s wishes;
 - any individual or organisation that is given the right under our articles of association to appoint a member or trustee of the academy trust; or anybody related to such individual or organisation;
 - any individual or organisation recognised by the Secretary of State as a sponsor of our Trust; or anybody related to such individual or organisation,
- We must pay no more than “cost” for goods or services provided to it by related parties.

1.7 A body is related to another individual or organisation if it is controlled by the individual or organisation; or controls the organisation; or is under common control with the individual or organisation. For these purposes control means:

- holding more than 20% of the share capital (or equivalent interest), or
- having the equivalent right to control management decisions of the body, or
- having the right to appoint or remove a majority of the board or governing body.

1.8 The ‘at cost’ requirement does not apply to our colleagues unless they are also one of the parties described above. Whilst these provisions do not apply to contracts of employment, the same principles of securing value for money and using public money properly, including managing conflicts of interest, will still apply. Salaries paid will be appropriate to the individual’s skills and experience and the salary rates paid in the wider market. Where any staff/personnel of an individual or organisation referred to above, are based in, or work from the premises of, our Trust, that individual/ organisation and the Deputy Chief Executive Officer - Finance & Operations must agree an appropriate sum to be paid to the us for such use/occupation of the premises, save to the extent that they are carrying out work for us.

1.9 The ‘at cost’ requirement applies to contracts with a related party exceeding £2,500 cumulatively, in any one financial year. Where a contract takes the cumulative annual total with the

related party beyond £2,500, the element above £2,500 must be at no more than cost.

- 1.10 If there is a potential trading with a connected party then the Deputy Chief Executive Officer – Finance & Operations is responsible for ensuring that the activity has been properly procured through an open and fair process and is:
- supported by a statement of assurance from that individual or organisation to the trust confirming that their charges do not exceed the cost of the goods or services (full cost must not include any element of profit);
 - based on an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply; and
 - the Financial and Resources Committee have approved the transaction.