

# Financial Regulations September 2023

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<b>Prepared by</b>	Trust
<b>Approved by</b>	Trust Board
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<b>Changes</b>	<p>Additions of:</p> <p>18.21 Borrowing &amp; Leasing</p> <p>18.22 Novel, Contentious &amp; Repercussive Transactions</p> <p>18.23 Compensation &amp; Ex Gratia Payments</p> <p>Ammendment to:</p> <p>22.20 Related Party Transactions</p>
<b>Chair of Trustees</b>	
<b>Accounting Officer</b>	



## Contents Page

### **A. General Provisions**

1. Background	Page 4
2. Status of Financial Regulations	Page 4

### **B. Board of Governance**

3. The Board of Trustees	Page 5
4. The Governing Body	Page 6
5. Accountable Officer	Page 7
6. Other Senior Managers with Financial Responsibility	Page 7
7. Risk Management	Page 9
8. Whistleblowing (confidential Reporting Code Policy & Procedures)	Page 10
9. Code of Conduct	Page 10

### **C. Financial Management and Control**

10. Financial Planning and Reporting Timetable	Page 12
11. Financial Planning	Page 12
12. Accounting Arrangements	Page 14
13. Audit Requirements	Page 16
14. Treasury Management	Page 18
15. Income	Page 19
16. Other Income-generating Activity	Page 20
17. Intellectual Property Rights and Patents	Page 21
18. Expenditure	Page 21
19. Pay Expenditure	Page 30
20. Assets	Page 33
21. Funds Held on Trust	Page 34
22. Transactions with Related Parties	Page 35
23. Other	Page 36

### **24. Appendices**

Appendix A – Finance & Governance Structure	Page 39
Appendix B – Responsibilities of the Finance, Audit and Risk Committee	Page 40
Appendix C – Finance Department Structure	Page 42
Appendix D – The Seven Principles of Public Life	Page 43
Appendix E – Anti Fraud and Bribery Policy	Page 44



Appendix F – Capital Projects Protocols	<b>Page 49</b>
Appendix G – Major Development Protocols	<b>Page 50</b>
Appendix H – Internal Audit Function	<b>Page 51</b>
Appendix I – Treasury Management Policy	<b>Page 52</b>
Appendix J – Competitive Tendering Policy	<b>Page 54</b>
Appendix K – Accounting Policies	<b>Page 57</b>



## A. GENERAL PROVISIONS

### 1. Background

- 1.1 The institution is an academy created under the provisions of the Academies Act 2010, as amended by the Education Act 2011. Its structure of governance is constituted under the articles of association.
- 1.2 The institution is an exempt charity by virtue of the Charities Act 2011.
- 1.3 The funding agreement between the funding body and the academy sets out the terms and conditions on which grant is made. The Governing Body is responsible for ensuring that conditions of grant are met. As part of this process the academy is required to have in place sound financial systems and controls. The financial regulations of the academy form part of this overall system of accountability.

### 2. Status of Financial Regulations

- 2.1 This document sets out the institution's financial regulations. It translates into practical guidance the institution's broad policies relating to financial control. This document was approved by the Board of Trustees of The Rose Learning Trust on 19th September 2018. It applies to the institution and all its subsidiary undertakings.
- 2.2 These financial regulations are subordinate to the institution's articles of association and to any restrictions contained within the institution's funding agreement with the funding body and the funding body's Academy Trust Handbook.
- 2.3 The purpose of these financial regulations is to provide control over the totality of the institution's resources and provide management with assurances that the resources are being properly applied for the achievement of the institution's strategic plan and business objectives on a sustainable basis, including:
  - maintaining financial sustainability
  - achieving value for money
  - fulfilling its responsibility for the provision of effective financial controls over the use of public funds
  - ensuring that the institution complies with all relevant legislation
  - safeguarding the assets of the institution.
- 2.4 Compliance with the financial regulations is compulsory for all staff connected with the institution. A member of staff who fails to comply with the financial regulations may be subject



to disciplinary action under the institution's disciplinary policy. Any such breach will be notified to the Governing Body through the Audit Committee. It is the responsibility of the Headteacher/Principal of Schools to ensure that their staff are made aware of the existence and content of the institution's financial regulations.

- 2.5 The Board of Trustees is responsible for maintaining a continuous review of the financial regulations, through the Chief Financial Officer (CFO), who will advise the trustees of The Rose Learning Trust of any additions or changes necessary.
- 2.6 In exceptional circumstances, the Governing Body may authorise a departure from the detailed provisions herein, such departure to be reported to the trustees of The Rose Learning Trust at the earliest opportunity.
- 2.7 Each school and the Trust Central Function will produce detailed financial procedures setting out precisely how these regulations will be implemented. Individual financial procedures are contained in a separate manual which is available at each institution.

## **B. CORPORATE GOVERNANCE**

### **3. The Board of Trustees**

- 3.1 The Board of Trustees is responsible for the strategic direction of the academy including:
  - policy development and agreement of policies for the sound management and administration of the academy
  - setting the academy's standards of conduct and values
  - appointing the academy's internal and external auditors
  - consideration of the Chief Executive Officer's pay and conditions.
  - the power to instruct a Governing Body on the remuneration of the Headteacher/Principal, including pay and other benefits, as well as contractual arrangements.

The academy trust is a charitable company responsible for running the academy. It has a strategic role in running the academy but delegates the day to day management of the school to the Governing Body. The trust ensures compliance with the statutory and contractual obligations placed on academies through legislation and their funding agreements including acting as an employer and leaseholder or freeholder of the land. It must hold an annual general meeting each year. The academy trust, in general meeting, has the power to alter, add or to repeal any by-laws made by the Governing Body.



- 3.2 The board must appoint an audit and risk committee – either a dedicated committee or combined with another committee, to advise the board on the adequacy of the trust’s internal control framework, including financial and non-financial controls and risk management arrangements, to direct a programme of internal scrutiny and to consider the results and quality of external audit.

## 4. The Governing Body

- 4.1 The Governing Body of each school is responsible for the strategic direction and day to day management of the school including:

- strategic planning, including target setting
- allocating the school’s financial, human and other resources
- setting performance targets
- agreeing a development plan (often called the improvement plan)
- producing a scheme of delegation for the management of the school
- ensuring compliance with legal requirements
- ensuring sound management of the school’s finances and resources
- holding the Headteacher/Principal to account for the performance of the school
- establishing and maintaining a transparent system of prudent and effective internal controls
- accounting to parents/carers and other stakeholders for the performance of the school

- 4.2 The Governing Body has ultimate responsibility for the school’s finances including:

- Monitoring of the institution’s financial position and financial control systems. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed.
- Monitoring any risks flagged on the School’s Finance Scorecard
- Consideration of the institution’s medium-term and strategic plans. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval. In addition, it is responsible for considering the institution’s capital programme before approval. Similarly, it considers the allocation of resources between academic and non-academic areas.
- Consideration of school staff pay and conditions. It has the power to make decisions regarding staff remuneration, including pay and other benefits, as well as contractual arrangements

- 4.3 All Academies within The Rose Learning Trust must establish a Finance, Audit & Resources (FAR) Committee. The FAR Committee is independent and advises and reports to the Governing Body. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The Audit Committee is responsible for identifying and approving appropriate performance measures for internal and



external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. It has a role in reviewing the institution's systems of internal control and risk management. The FAR Committee responsibilities are listed in Appendix B. The audit requirements of the institution are set out in the funding body's Academies Financial Handbook.

## 5. Accountable Officer

- 5.1 The Chief Executive Officer (CEO) is designated by the funding agreement as the accounting officer and is responsible for the financial and administrative matters of the institution.
- 5.2 As accounting officer, the CEO is responsible to the Board of Trustees and the Governing Bodies and through these to the Secretary of State for:
- ensuring regularity and propriety
  - ensuring prudent and economical administration
  - avoiding waste and extravagance
  - securing value for money through the efficient, effective and economical use of available resources
  - the day-to-day organisation, staffing and management of the academy

## 6. Other Senior Managers with Financial Responsibility

### 6.1 Chief Financial Officer (CFO)

The Chief Executive Officer delegates financial management to the CFO, who takes professional responsibility for such areas of the institution's work. The CFO reports directly to the CEO and has overall responsibility for:

- leading and directing the finance function so that it makes a full contribution to, and meets the needs of, the business
- reviewing the performance of the finance function and ensuring services provided are in line with expectations
- agreeing the financial framework with sponsoring organisations
- maintaining a long term financial strategy to underpin the organisations financial viability
- implementing financial management policies to underpin long term financial health
- leading on asset and balance sheet management
- co-ordinating and planning the budgeting process
- developing and reviewing a risk management strategy





- reviewing financial performance against plans and reporting performance to relevant stakeholders
- ensuring financial systems and processes are robust and produce accurate information
- translating the finance strategy into firm budgets and preparing timely management accounts
- promoting financial literacy and sound management throughout the organisation in order to safeguard public funds and ensure value for money
- challenging and supporting decision makers, especially on affordability and value for money
- ensuring delegated financial authorities are respected
- implementing appropriate measures to prevent and detect fraud and corruption
- providing professional advice and objective financial analysis to aid decision making
- ensuring compliance with financial regulatory requirements
- developing and maintaining effective processes for the scrutiny, challenge and agreement of budgets between planning function and budget holders
- advising on resources, partnership opportunities and risks to support strategy development proposals for front line activities
- ensuring financial statements are prepared on a timely basis and meet the requirements set out in the Academy Accounts Direction and the charities Statement of Recommended Practice (SORP)
- liaising with external auditors and ensuring external auditors, governors and colleagues are aware of the institution's financial arrangements and controls

## 6.2 School Business Manager (SBM)

Day-to-day financial administration is controlled by the SBM's who are responsible to the Head Teacher, CEO and CFO for:

- preparing annual revenue and capital budget plans
- monitoring financial performance against budget plan
- providing reports and attending Governing Body meetings in respect of budget planning, forecasting and financial information
- ensuring best value is achieved for all tendering and contracted services
- maintaining accurate staffing data in order to ensure salary costings are reliable
- inputting of approved budget plans into the general ledger (FMS)
- processing purchase orders and payment of supplier invoices
- processing electronic/cheque payments and ensuring sound creditor control
- ensuring school financial administration is compliant with approved financial regulations laid down by the trust
- complying in a timely manner with all requests from the CFO regarding financial matters (budgets, VAT, leasing, asset management, financial reporting, systems etc.)
- accommodating any information requests from internal/external auditors
- ensuring all income & expenditure is posted into the general ledger and coded accurately





- ensuring control accounts are reconciled on a monthly basis
- advising the Senior Leadership Team on finance/budget issues
- maintaining an up-to-date register of business interests

### 6.3 All members of staff

All members of staff should be aware and have a general responsibility for the security of the institution's property, for avoiding loss and for due economy in the use of resources. They should ensure that they are aware of the institution's financial authority limits. They shall make available any relevant records or information to the Chief Financial Officer (CFO) or the School Business Manager (SBM) in connection with the implementation of the school's financial procedures, these financial regulations and the system of financial control. They shall provide the CFO/SBM with such financial and other information as they may deem necessary, to carry out the requirements of the Governing Body or the Board of Trustees. They shall immediately notify the CFO/SBM whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the institution. The SBM shall take such steps as they consider necessary by way of investigation and report.

## 7. Risk Management

- 7.1 Risk management can be defined as 'coordinated activities to direct and control an organisation with regard to risk'. The institution acknowledges the risks inherent in its business, and is committed to managing those risks which pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the institution will be set out in a separate risk management strategy.
- 7.2 The Board of Trustees has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the institution through the development, implementation and embedding within the organisation of a formal, structured risk management process.
- 7.3 In line with this policy, the Board of Trustees requires that the risk management strategy and supporting procedures include:
- the adoption of common terminology in relation to the definition of risk and risk management
  - the establishment of institution-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
  - a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above)
  - a decision on the level of risk to be covered by insurance (see 23.1)



- detailed regular review at individual school or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
- regular reporting to the Governing Body or Board of Trustees of all risks above established tolerance levels
- an annual review of the implementation of risk management arrangements; and
- the capability for independent verification

## 8. Whistleblowing (Confidential Reporting Code Policy & Procedures)

- 8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment or breach of the financial regulations and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 8.2 Normally, any concern about a workplace matter at the institution should be raised with the relevant member of staff's immediate line manager. However, the institution recognises that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, may make this difficult or impossible.
- 8.3 A member of staff may, therefore, make the disclosure to Chair of the Governing Body.
- 8.4 The full procedure for whistleblowing is set out in the trust's separate whistleblowing policy, which is made available onsite at all schools (usually in the staffroom) or via the Chief Financial Officer.

## 9. Code of Conduct

- 9.1 The institution is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee) which Trustees, Governing Body members and members of staff at all levels are expected to observe. These principles are set out at Appendix D. In addition, the institution expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:



- probity and propriety
- selflessness, objectivity and honesty
- relationships.

Trustees and Governing Body members are subject to obligations imposed by charity law. Their dual role may introduce potential conflicts of interest which they will need to manage appropriately.

- 9.2 Additionally, members of the Board of Trustees, Governing Body, senior management or those involved in procurement are required to disclose interests in the institution's register of interests maintained by the SBM. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.
- 9.3 In particular, no person shall be a signatory to an institution contract where he or she also has an interest in the activities of the other party.
- 9.4 Receiving gifts or hospitality. The Bribery Act 2010 came into force on 1 July 2011. The Act introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines. The institution's anti-bribery policy statement can be found at Appendix E.

The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the institution would be likely to provide in return. When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Chief Executive Officer, Headteacher/Principal of School or the Chief Financial Officer. Guidance on acceptable hospitality is contained in the detailed financial procedures.



## C. FINANCIAL MANAGEMENT AND CONTROL

### 10. Financial Planning and Reporting Timetable

- 10.1 The Chief Finance Officer (CFO) will determine the Rose Learning Trust's annual financial planning and reporting timetable aligned with the timing of Trustees meetings and ESFA reporting requirements.
- 10.2 The School Business Manager (SBM) will be responsible for providing the required reports and other necessary information to the CFO in line with the trust's timetable in order that the CFO can review, consolidate and report timely information to the Board of Trustees and the Education and Skills Funding Agency (ESFA).
- 10.3 The board will encourage an integrated approach to curriculum and financial planning to ensure the best curriculum is planned for their pupils and delivers the trust's educational priorities with the funding available.

### 11. Financial Planning

- 11.1 The School Business Manager (SBM) is responsible for preparing annually a rolling three-year financial plan for approval by the Governing Body. Financial plans should be consistent with the strategic plans approved by the Governing Body and aligned to the Trust's reserves policy in maintaining a prudent budget surplus currently set at 3.5% of budgeted income. Where a school is unable to set a budget which maintains the trust's reserves policy, this should be reported to the CFO at the earliest opportunity. Further guidance on the development planning and budgetary process are contained within the detailed financial procedures.

#### 11.2 Budget objectives

The Governing Body will, from time to time, set budget objectives for the school. These will help the SBM in preparing his or her more detailed financial plans.

#### 11.3 Resource allocation

Resources are allocated annually by the Governing Body and on the basis of the above objectives. All staff are responsible for the economic, effective and efficient use of resources allocated to them.



#### **11.4 Budget preparation**

The SBM is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Governing Body. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The SBM must ensure that detailed budgets are prepared in order to support the resource allocation process following their approval by the Governing Body. During the year, the SBM is responsible for submitting revised budgets to the Governing Body for consideration and approval.

#### **11.5 Consolidated budgets**

Each school within the academy must submit their approved initial and revised budget forecasts to the Chief Financial Officer for consolidation in line with the trust's financial planning and reporting timetable. The consolidated budget is to be approved by the Board of Trustees prior to submission to the Education and Skills Funding Agency (ESFA).

#### **11.6 Capital programmes**

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the institution's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Governing Body. The SBM will establish protocols for the inclusion of capital projects in the capital programme for approval by the Governing Body. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are summarised at Appendix F. The SBM is responsible for providing regular statements concerning all capital expenditure to the Governing Body for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Governing Body including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

#### **11.7 Other major developments**

Any major developments involving the establishment of any new trading activities, establishment of a company or joint venture or overseas activity, which will require an investment in buildings, resources or staff time of more than £5,000 should be presented to the Governing Body. The institution must have due regard to the relevant guidelines issued by the funding body. The School Business Manager (SBM) will consult with the Chief Financial Officer and establish protocols for these major developments to enable them to be considered for approval by the Governing Body. These will set out the information that is required for each proposed development including a business plan, using a risk based approach and covering risk



and accountability issues, as well as the financial criteria that they are required to meet. They are summarised at Appendix G

### **11.8 Budgetary control**

The control of trust income and expenditure is the responsibility of the Chief Executive Officer, who delegates responsibility to the Chief Financial Officer (CFO).

The CFO will coordinate the budget monitoring process and reporting format in order to meet the reporting requirements of the trust. The SBM is responsible for the monitoring of income and expenditure against agreed individual school budgets. The SBM will prepare monthly reports for presentation to the Local Governing Body and submit to the CFO in accordance with the trust's reporting timetable.

The CFO will produce monthly consolidated reports which will be made available to Trustees and considered by the Board at Trustee meetings.

### **11.1 Academy Central Fund**

Each school within the trust contributes 4.5% of their General Annual Grant (GAG) to the Academy's Central Fund (ACF). The ACF is managed by the Chief Financial Officer.

The Trustees decide how the funding is distributed through the ratification of the Trust's Raising Excellence Plan / Growth Plan. The funding is used, in part, to fund centralised services such as school improvement, accountancy and audit fees as well as the salaries of the Chief Executive Office, the Chief Financial Officer and the Chief Projects Officer.

The CEO administers the budget in line with their delegated financial powers.

The ACF is reported in the statutory year end accounts and is subject to external audit.

## **12. Accounting Arrangements**

### **12.1 Financial year**

The institution's financial year will run from 1 September until 31 August the following year.

### **12.2 Basis of accounting**

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.



### **12.3 Format of the financial statements**

The financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice, subject to any specific requirements of the funding body, and in accordance with the provisions of the Companies Act legislation.

### **12.4 Capitalisation and depreciation**

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

Works of art and other valuable artefacts (heritage assets) valued over £1,000 are capitalised and recognised at the cost or value of the acquisition where the cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £1,000 or more. Grouped items (e.g., a suite of computers) which have a group value of £1,000 or more, will be capitalised. Capitalised assets other than land and buildings will be depreciated over a period of 5 years for furniture and equipment and 3 years for ICT equipment commencing in the year of acquisition.

### **12.5 Accounting records**

The School Business Manager (SBM) is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities. Prime documents include:

- official purchase orders
- paid invoices
- accounts raised
- credit card statements
- copies of receipts
- paid cheques
- payroll records including part-time lecturers' contracts.

The CFO is responsible for the retention of Trust Level financial documentation, including the single trust bank statements.





The SBM will make appropriate arrangements for the retention of electronic records. The institution is required by law to retain prime documents for six years. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.

## 12.6 Public access

Under the terms of the financial memorandum/funding agreement, the Board of Trustees is required to supply any person with a copy of the institution's most recent financial statements within two months of a request. The Act enables the Board to levy a reasonable fee and this will be charged at the discretion of the Chief Financial Officer (CFO). The institution will also allow members of the public to inspect the statement of accounts during normal working hours, provide copies to local libraries and make a summary available on the institution's website.

## 12.7 Taxation

The Chief Financial Officer is responsible for advising the Chief Executive Officer and Headteacher/Principal of School on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the institution.

The CFO will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax and import duty. The CFO is responsible for maintaining the institution's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

# 13. Audit Requirements

## 13.1 General

External auditors and internal auditors shall have authority to:

- access institution premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of the institution
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of the institution to account for cash, stores or any other institution property under his or her control
- access records belonging to third parties, such as contractors, when required.

The Chief Financial Officer is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly. Financial statements will be submitted to the Board of Trustees for approval.



### **13.2 External audit**

The external auditors should be reappointed annually by the Board of Trustees. The Board of Trustees and the Governing Bodies will be advised by the Audit Committee. It is good practice for a competitive tendering exercise to be held at regular intervals, at least every five years. The primary role of external audit is to report on the institution's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the funding body's Academies Financial Handbook and the Auditing Practices Board's statements of auditing standards.

### **13.3 Internal audit**

The internal auditor is appointed by the Board's audit and risk committee and cannot involve the services of the appointed external auditor. The audit committee will:

- direct the trust's programme of internal scrutiny
- ensure that risks are being addressed appropriately through internal scrutiny
- report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.

The internal auditor remains independent in its planning and operation but has direct access to the audit and risk committee and Headteacher/Principal.

The trust will submit the annual summary report of the areas reviewed, key findings, recommendations and conclusions to ESFA by 31 December each year.

### **13.4 Fraud and corruption**

It is the duty of all members of staff, management and the Governing Body to notify the Chief Financial Officer immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. The institution's fraud policy statement is included at Appendix E. The School Business Manager (SBM) shall immediately invoke the fraud response plan, which incorporates the following key elements:

- He or she will notify the Headteacher/Principal and the Finance Audit and Resources (FAR) Committee (through its Chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report.
- The Chief Executive Officer shall inform the police if a criminal offence is suspected of having been committed.
- Any significant cases of fraud or irregularity shall be reported to the funding body in accordance with its requirements as set out in the Academies Financial Handbook.



- The Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate.
- The internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the SBM, Headteacher/Principal or the Chief Executive Officer, the member of staff shall notify the Chair of the FAR Committee direct of his or her concerns regarding irregularities.

The trust will notify the ESFA of any fraudulent activity above £5,000.

### **13.5 Value for money**

The Governing Body of the academy is responsible for securing value for money from public funds. The Governing Body or Finance Committee should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the funding and regulatory agency and the National Audit Office.

### **13.6 Other auditors**

The institution may, from time to time, be subject to audit or investigation by external bodies such as the funding body, the National Audit Office, the European Court of Auditors, HM Revenue & Customs. They have the same rights of access as external and internal auditors.

## **14. Treasury Management**

### **14.1 Treasury management policy**

The Board of Trustees is responsible for approving a treasury management policy statement (based on CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with any funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Board of Trustees has a responsibility to ensure implementation, monitoring and review of such policies. All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Chief Executive Officer and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the institution and shall conform to any relevant funding body requirements. The Chief Financial Officer and his or her staff are required to act in accordance with CIPFA's code of practice. The Chief Financial Officer will report to the Board of Trustees each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to them. The institutions treasury management policy is included as Appendix I.



## **14.2 Appointment of bankers and other professional advisers**

The Board of Trustees is responsible for the appointment of the institution's bankers and other professional financial advisers. The appointment shall be for a specified period after which consideration shall be given to competitively tendering the service.

## **14.3 Banking arrangements**

The CFO is responsible, for liaising with the institution's bankers in relation to the institution's bank account. Only the Chief Financial Officer may open or close a bank account for dealing with the institution's funds. All bank accounts shall be in the name of the institution or one of its subsidiary companies. All automated transfers on behalf of the institution, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Finance Audit & Risk Committee. Details of authorised persons and limits shall be provided for in the detailed financial procedures.

The CFO is responsible for ensuring that the bank account is subject to regular reconciliation and that large or unusual items are investigated as appropriate.

# **15. Income**

## **15.1 General**

The SBM's are responsible for ensuring that appropriate procedures are in operation to enable the institution to receive all income to which it is entitled. The SBM's are responsible for:

- the prompt collection, security and banking of all income received.
- ensuring all grants notified by the funding body and other bodies are received and appropriately recorded in the institution's accounts.
- ensuring all claims for funds, including research grants and contracts, are made by the due date.

All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Chief Financial Officer. Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Finance Committee, and are approved by the Governing Body.

## **15.2 Receipt of cash, cheques and other negotiable instruments**

All monies received, from whatever source must be recorded on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments. All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float.



Personal or other cheques must not be cashed out of money received on behalf of the institution.

### 15.3 Collection of debts

The School Business Managers (SBM) should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to the institution
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- monies received are posted to the correct debtors account
- swift and effective action is taken to collect overdue debts, in accordance with the protocols noted in the financial procedures
- outstanding debts are monitored and reports prepared for management.

### 15.4 Refunds

The institution seeks to minimise the opportunities for money laundering in accordance with the Money Laundering Regulations 2007. Where refunds are required, they should be made to the original payer and follow the method by which the money was received. For further information see the institution's policy on bribery and money laundering Appendix E.

## 16. Other Income-generating Activity

### 16.1 Private consultancies and other paid work

Unless otherwise stated in a member of staff's contract:

- outside consultancies or other paid work may not be accepted without the consent of Trustees
- applications for permission to undertake work as a purely private activity must be submitted to the

Board of Trustees and include the following information:

- the name of the member(s) of staff concerned
- title of the project and a brief description of the work involved
- the proposed start date and duration of the work
- full details of any institution resources required (for the calculation of the full economic cost)



- an undertaking that the work will not interfere with the teaching and normal institutional duties of the member(s) of staff concerned.

### **16.2 Short courses and services rendered**

In this context a short course is any course that does not form part of the award-bearing teaching load of the department. Any staff wishing to run a short course must have the permission of the Chief Executive Officer. The course organiser will be responsible to the Headteacher/Principal of school for day-to-day management of the course. The term 'services rendered' includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information.

### **16.3 Additional payments to staff**

Any proposal which involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Head Teacher.

## **17. Intellectual Property Rights and Patents**

### **17.1 General**

Certain activities undertaken within the institution including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

### **17.2 Patents**

The Finance, Audit & Resources (FAR) Committee is responsible for establishing procedures to deal with any patents accruing to the institution from inventions and discoveries made by staff in the course of their research.

### **17.3 Intellectual property rights**

In the event of the institution deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the institution and contained in the trust's detailed financial procedures.



## 18. Expenditure

### 18.1 General

The School Business Managers (SBM) are responsible for making payments to suppliers of goods and services to the institution. The Trust must obtain approval from the ESFA prior to entering into leasing/loan agreements beyond their delegated limits.

### 18.2 Scheme of delegation/financial authorities

The SBM's shall maintain a register of authorised signatories for their respective schools. A comprehensive, trust wide, list of authorised signatories, along with the scheme of delegation of financial powers is maintained by the Chief Financial Officer and reviewed annually. Staff are not authorised to commit the school to expenditure without first reserving sufficient funds to meet the purchase cost.

#### 18.21 Borrowing and Leasing

Academy trusts must obtain ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable.

The CFO must be notified in advance of any arrangements within the trust which could be deemed as borrowing. The CFO will determine the nature of the arrangement and ensure compliance with the Academy Trust Handbook.

For leasing the CFO must be notified prior to any commitment to the contract. The CFO will determine the form of the lease and ensure the Trust remains compliant with Academy Trust Handbook requirements.

#### 18.22 Novel, Contentious & Repercussive Transactions

Novel, contentious and/or repercussive transactions must be notified to the CFO before the transaction occurs. The CFO will refer to ESFA for prior approval.

- Novel transactions are those of which the academy trust has no experience, or are outside its range of normal business.
- Contentious transactions are those that might cause criticism of the trust by Parliament, the public or the media.
- Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.





### **18.23 Compensation & Ex Gratia Payments**

Transactions which fall outside of the Trust's usual planned range of activity may require prior approval from the ESFA. Payments must be notified to the CFO before the transaction occurs.

- Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property.
- Ex gratia payments are other transaction which go beyond the Trust's statutory or contractual cover, including payments to meet hardship or to avoid legal action due to official inadequacy

The CFO will refer to ESFA for prior approval for any payments exceeding the Academy Trust Handbook thresholds currently:

- Compensation payments of £50,000 or more
- All ex gratia payments

### **18.3 Procurement**

The institution requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability and equality legislation, and in accordance with sound business practice, taking into account framework agreements as appropriate. Factors to be considered in determining lowest cost are noted in the financial procedures. The purchasing function is the responsibility of the SBM, who will:

- ensure that the institution's purchasing policy is known and observed by all involved in purchasing for the institution
- provide advice on matters of institution purchasing policy and practice
- develop appropriate standing supply arrangements on behalf of the institution to assist budget holders in meeting their value for money obligations
- vet all orders before they leave the institution
- draft and negotiate all large-scale purchase contracts undertaken by the institution, in collaboration with the responsible department

### **18.4 Purchase orders**

- Official school orders must be placed for the purchase of all goods or services with the exception of:
- purchases made using petty cash or purchasing cards. (see 18.3 and 18.5)
- recurring charges for public utilities e.g., gas, electric, water, rates
- works and services executed under a contract that have been approved e.g., SLA contracts with fixed annual fees, e.g., grounds maintenance and cleaning
- catering purchases e.g., school meals.



In exceptional circumstances, urgent orders may be given orally but must be confirmed by an official purchase order endorsed 'confirmation order only' no later than the following working day.

The ordering of goods and services shall be in accordance with each School's detailed financial procedures/purchasing policies.

The approval of orders should be delegated no lower than the following:

- under £5,000 – approval of the purchase can be made by the School Business Manager, Deputy Head or Headteacher
- from £5,000 to £10,000 - approval required by the Headteacher.
- from £10,000 to £50,000 –approval required from the Local Governing Body / Finance, Audit & Risk (FAR) Committee.
- Over £50,000 – approval required from the Local Governing Body / Finance, Audit & Risk (FAR) Committee with final approval sought from the Trust Executive Team via the CFO.
- Over £100,000 –Trust Executive Team to be consulted via the CFO. Approval required from Trust Finance, Audit & Risk (FAR) Committee with recommendation made to full Board of Trustees. \*

\* Under exceptional circumstances, recommendations to the Board of Trustees can be made retrospectively.

### **18.5 Purchasing cards, credit and debit cards**

The operation and control of the institution's purchasing cards, credit and debit cards are the responsibility of the Chief Financial Officer. There will be appropriate oversight of the distribution of such cards and the associated card limits.

Holders of cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Cards must not be loaned to another person, nor should they be used for personal or private purchases.

Purchases up to the value of £500 can be made without consultation between authorised signatories, a receipt must be requested; the purchasing card authorisation form would be authorised as soon as possible after the purchase has been completed. Consultation must take place for purchases over £500 and the purchasing card authorisation form must be authorised prior to any purchase, a receipt must be requested.

The threshold of £500 should be considered at individual school level and may be set lower in consideration of the card holder's position in school and the size of the school budget.



The School Business Manager (SBM) shall determine what information is required on purchases made with cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained. Where possible, depending on school staffing structures, there should be appropriate segregation of duties, with those reconciling cards not holding and using those cards. The reviewing of cards should be carried out by a designated person senior to the card holder. Purchases made by the Headteacher/Principal should be reviewed by the Chair of the Governing Body.

Further details of the operation of the scheme are set out in school financial procedures.

## 18.6 Tenders and quotations

All staff must comply with the institution's tendering procedures contained in the trust's **Competitive Tendering policy**.

The following requirements apply:

- under £5,000 – the Headteacher/Principal shall have the discretion to decide whether or not to obtain more than 1 quotation, but value for money must always be obtained.
- from £5,000 to £10,000 – the SBM shall arrange for at least three written quotations to be obtained
- from £10,000 to £50,000 – the SBM shall arrange for at least three written quotations to be obtained in response to a specification issued by the academy
- Over £50,000 – formal tendering procedures will apply.

Exceptions to the above can be made under the following circumstances:

- The goods are only obtainable from one specialist supplier.
- The school can demonstrate that the required number of quotes has been sought but the supply of quotes has been limited
- Urgent procurement related to health and safety and or safeguarding does not allow time for required procurement process to take place

Approval must be obtained from the CFO where this is the case. Departure from the normal procurement process will be reported back to the Finance, Audit & Risk (FAR) Committee.

Only partnership / preferred supplier arrangements for the supply of goods or services specifically approved by the FAR Committee will fall outside these arrangements for tenders and quotations. (See 18.9)

All procurement will be subject to the new requirements set out by the World Trade Organisation (WTO) Government Procurement Agreement (GPA). This requires tenders to be placed on 'Find a Tender'.



The SBM is responsible for ensuring the school complies with its legal obligations concerning GPA. It is the responsibility of the Chief Financial Officer to advise SBM's of any purchase that is likely to exceed the thresholds.

### **18.7 Post-tender negotiations**

Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into provided:

- it would not put other tenderers at a disadvantage
- it would not affect their confidence and trust in the institution's tendering process.

In each case a statement of justification should be approved by the Chief Executive Officer prior to the event showing:

- background to the procurement
- reasons for proposing post-tender negotiations
- demonstration of the improved value for money.

All post-tender negotiations should be reported to the FAR Committee.

### **18.8 Contracts & Leasing**

The provision of some supplies and services may be procured under formal contracting arrangements. Contracts are generally defined by a period of 12 months. Securing value for money and business continuity considerations may lead to contracts of a period of more than one year, but should not be committed for more than 5 years.

Procurement and authorisation of such agreements are delegated as per section 18.4 and 18.6

Individuals involved in contracting arrangements must declare any potential or actual conflict of interest to the Chief Financial Officer. The Officer with a conflicting interest cannot be involved in the decision making or approval of the contract. In this situation the contract must be approved by a more senior Officer.

For leasing the CFO must be notified prior to any commitment to the contract. The CFO will determine the form of the lease and ensure the Trust remains compliant with Academy Trust Handbook requirements.

### **18.9 Trust Partners and Preferred Suppliers**

The Trust will maintain a register for supplies and services which are categorised as:

- Trust Partners – core business functions key to supporting the trust with compliance, operational, financial and security risk



- Preferred suppliers – other contracts procured consistently across all schools in the trust; or brought over on the formation of the MAT , e.g. Local Authority Service Level Agreements
- Legacy Contracts – contracts transferred from new schools joining the Trust not already on the Preferred Supplier list

At the creation of the contracts register the Trust Partners / Preferred Suppliers are categorised as such from the following rationale:

- The supplier is considered appropriate to the Trust's needs supporting the trust's goals and objectives for growth and success.
- A change in supplier at this time would necessitate a material human or financial investment which the trust does not have capacity for at this stage of growth
- A change in supplier at this time would put the trust at risk of statutory breaches
- The provision may only be available from one specialist supplier and or the provision is bespoke to the operations of the trust
- Where the practical implications of a change in provider presents a greater risk than benefit in the short term

A formal contract review will be completed every 5 years, or earlier in instances of significant changes in cost or provision. The review will consider the need to re-tender based on the following considerations:

- whether the supply and/or service is still appropriate to the Trust's needs
- whether a change in supplier would necessitate a material human or financial investment
- whether it can be demonstrated that the provision is only available from one specialist supplier
- whether the practical implications of a change in provider presents a greater risk than benefit in the short term

Trustees have financial oversight and approve the use of these suppliers on an annual basis through the Trust Finance, Audit and Risk Committee.

New schools joining the Trust will automatically be brought under Trust Partner Contracts

No school can move between preferred supplier contracts without a contract review

No school can move over to a legacy contract until the trust have capacity to retender

### **18.10 Receipt of goods**

All goods shall be received at Reception. They shall be checked for quantity and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.



If the goods are deemed to be unsatisfactory the supplier must be notified immediately so that they can be collected for return as soon as possible. Where goods are short on delivery the supplier must be immediately notified.

All persons receiving goods on behalf of the school must, where possible, be independent of those who negotiated prices and terms and placed the official order.

#### **18.11 Payment of invoices**

The procedures for making all payments shall be in a form specified by the SBM. The SBM is responsible for deciding the most appropriate method of payment for categories of invoice.

Payments to UK suppliers will normally be made by computer cheques or BACS transfer each week. In exceptional circumstances the SBM will prepare cheques manually for urgent payments. Care must be taken to ensure that discounts receivable are obtained.

Payments will only be made by the SBM against invoices that can be matched to a receipted order or have been certified for payment.

Certification of an invoice or receipting of an electronic order will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- where appropriate, an entry has been made on the school's inventory

#### **18.12 Staff reimbursement**

The institution's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasions, staff may incur expenses and are entitled to reimbursement.

Where such purchases by staff are planned, the School Business Manager (SBM) may approve cash advances to staff who are going to incur expenditure on the school's behalf. Upon completion of the project to which the advance relates, a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.



### **18.13 Petty cash**

Where a single item is for less than £25 it should be paid from petty cash if possible. It must be supported by a VAT receipt.

The SBM shall make available such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

Receipts must be sent to the SBM before the total amount held has been expended in order to retain a working balance pending receipt of the amount claimed.

The member of staff granted a float is personally responsible for its safe keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the school's insurers when not in use and will be subject to periodic checks by the audit governor.

### **18.14 Late payment rules**

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities.

Key points are:

- small businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
- the Act also applies to overseas organisations
- the school can be sued for non-payment.

In view of the penalties in this Act, invoices must be passed for payment as soon as they are received.

### **18.15 Giving hospitality**

Staff entertaining guests from outside bodies at lunch time should normally use the institution's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement. It is an offence under section 7 of the Bribery Act 2010 for commercial organisations to fail to prevent persons associated with them from bribing another person on their behalf. The institution's anti-bribery policy statement can be found at Appendix E.

### **18.16 Telecoms**





The school will reimburse staff for the cost of necessary business calls made from a private home phone or personal mobile in performance of employment duties. The school does not reimburse the cost of private line rental or broadband connections. (See Appendix E)

#### **18.17 Provision of clothing**

Where clothing is provided to employees whose duties require them to wear a uniform, that clothing must bear the school's logo. The logo must be permanent and clearly identify the wearer as a member of staff.

#### **18.18 Payments to volunteers**

It is the responsibility of the SBM to ensure that payments made to volunteers are correctly administered.

The school allows two types of payment from an approved budget:

- reimbursement of actual travel costs when fully supported by receipts
- a small gift or thank you payment as long as it is clearly a token of appreciation, not compensation, and there is no sense that those goods, vouchers or cash are expected in advance.

#### **18.19 Purchases of Alcohol**

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

#### **18.20 Purchasing Gifts**

When making gifts, the trust must ensure the value is reasonable (less than £50). Decision to purchase gifts should be documented and notified to the CFO who will ensure propriety and regularity in the use of public funds. Funds must not be used to purchase alcohol.

## **19. Pay Expenditure**

### **19.1 Remuneration policy**

All institution staff will be appointed to the salary scales approved by the Board of Trustees and in accordance with appropriate conditions of service. All letters of appointment must be issued by the school administrative office.



## **19.2 Appointment of staff**

All contracts of service shall be concluded in accordance with the school's approved practices and procedures, and all offers of employment with the school shall be made in writing by the Headteacher/Principal of School or Chief Executive Officer.

The Headteacher/Principal of School shall ensure that the SBM is provided promptly with all the information they may require in connection with the appointment, resignation or dismissal of employees.

## **19.3 Salaries and wages**

The SBM is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All casual and part-time employees will be included on the payroll.

All time sheets and other pay documents will be in a form prescribed or approved by the SBM.

The Headteacher/Principal will be responsible for keeping the SBM informed of all matters relating to human resources for payroll purposes. In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers
- absences from duty for sickness or other reason, apart from approved leave
- changes in remuneration other than normal increments and pay awards
- information necessary to maintain records of service for superannuation, income tax, and national insurance

The SBM shall be responsible for keeping all records relating to payroll including those of a statutory nature. All payments must be made in accordance with the school's payroll financial procedures and comply with HM Revenue & Customs regulations. Staff should be aware that the school could incur penalties for non-compliance with such regulations.

## **19.4 Superannuation schemes**

The Governing Body is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees. The SBM is responsible for day-to-day superannuation matters including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- administering the school's pension fund.

The SBM is responsible for administering eligibility to pension arrangements and for arranging when deductions should begin or cease for staff.



### **19.5 Expenses and allowances**

The institution has dispensation from HM Revenue & Customs to make payments to employees for certain specified items without deduction of income tax. Reimbursement by the institution of expenditure not included in the dispensation is subject to the deduction of income tax before payment.

#### **Travel, subsistence and other allowances**

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the SBM. Claims by members of staff must be authorised by the Headteacher/Principal of School. The certification by the Headteacher/Principal of School shall be taken to mean that:

- the journeys were authorised
- the expenses were properly and necessarily incurred
- the allowances are properly payable by the institution
- consideration has been given to value for money in choosing the mode of transport.

Arrangements for travel by the Headteacher/Principal or members of the Governing Body shall be approved by the Chair of the Governing Body. Arrangements for travel by the Chair shall be approved by the Finance, Audit & Resources (FAR) Committee.

Arrangements for travel by the Chief Executive Officer shall be approved by the Chair of Trustees.

### **19.6 School trips**

In academies, members of staff must ensure that charges/funds available for taking students on school trips cover the costs of those trips.

### **19.7 Allowances for members of the Governing Body**

Claims for members of the Governing Body will be authorised by the School Business Manager (SBM). Claims for meeting attendance will be based on out-of-pocket expenses, but only reasonable expenses can be reimbursed.

### **19.8 Severance and other non-recurring payments**

Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by the Governing Body through the FAR Committee. Professional advice should be obtained where necessary. No amounts shall be expended which exceed the budget allocated for the purpose. All such payments shall be authorised by the Headteacher/Principal of School and calculations checked by the SBM. Any



individual amounts which do not fall within the parameters above or are in excess of £1,000 require approval by the FAR Committee and reported to the Chief Executive Officer. In exceptional circumstances this approval may be given by the Chair of Governors in consultation with the Headteacher/Principal of School, to be reported to the next meeting of the committee. Amounts paid should be declared in the financial statements. All matters referred to an industrial tribunal shall be notified to the SBM and the FAR Committee at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

The CFO shall ensure prior approval is sought for any payments of salaries exceeding the Academy Trust Handbook threshold currently:

- Severance of £50,000 or more
- Severance to employees earning over £150,000

## 20. Assets

### 20.1 Land, buildings, fixed plant and machinery

The purchase, lease or rent of land or building or fixed plant can only be undertaken with authority from the Governing Body and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

### 20.2 Fixed asset register

The Chief Financial Officer is responsible for maintaining the school's register of land, buildings, fixed plant and machinery.

### 20.3 Inventories

Class teachers are responsible for maintaining their class inventories, in a form prescribed by the SBM. Inventories must be checked at least annually as described in the school's detailed financial procedures.

When transferring equipment, etc. between classes, a transfer record must be kept and the inventories amended accordingly.

### 20.4 Stocks and stores

The Headteacher/Principal of School is responsible for establishing adequate arrangements for the custody and control of stocks and stores within their school. The Headteacher//Principal of School is responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.



## **20.5 Safeguarding assets**

Class teachers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the SBM in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by the school shall, so far as is practical, be effectively marked to identify them as institution property.

## **20.6 Personal use**

Assets owned or leased by the institution shall not be subject to personal use without proper authorisation.

## **20.7 Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the Governing Body and contained in the school's detailed financial procedures.

Disposal of land and buildings must only take place with the authorisation of the Board of Trustees. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

## **20.8 All other assets**

All staff are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the institution, whether tangible (such as stock – see above) or intangible (such as intellectual property – see paragraph 20), including electronic data.

# **21.Funds Held on Trust**

## **21.1 General**

The School Business Manager (SBM) is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

## **21.2 Gifts, benefactions and donations**

The SBM is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the school and initiating claims for recovery of tax where appropriate.



### **21.3 Trust funds**

The SBM is responsible for maintaining a record of the requirements for each trust fund and for advising Finance, Audit & Premises (FAR) Committee on the control and investment of fund balances.

The FAR Committee is responsible for ensuring that all the school's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

### **21.4 Voluntary funds**

The SBM shall be informed of any fund, not being an official fund of the institution, which is controlled wholly or in part by a member of staff in relation to their function in the institution. The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The SBM shall be entitled to verify that this has been done.

### **21.5 Donation of equity shares**

When shares are offered by a donor, the institution is responsible for the same due diligence they would normally undertake for a donation of cash. In addition they should ensure:

- the donor is the rightful owner of the donated shares
- the company holding the shares complies with the institution's ethical policies.

At the time of the donation, the institution should obtain in writing the purpose of the donation. All share certificates should be held in the safe.

## **22. Transactions with Related Parties**

### **22.1 Register of interests**

The School Business Manager is responsible for maintaining and publishing an up-to-date register of business interests for their school.

The Trust's Chief Project's Officer (CPO) is responsible for maintaining and publishing a trust level Register of Business Interests.

Registers should be kept up to date at all times.



All relevant business and pecuniary interests of members, trustees, local governors and senior employees should be captured within the trust's Register of Business Interests. Declarations should include:

- directorships, partnerships and employments with businesses
- material interests from close family relationships with directorships, partnerships and employments with businesses
- trusteeships and governorships at other educational institutions and charities
- material interests arising from close family relationships with employees

Each interest must declare: the name of the business; the nature of the business; the nature of the interest; and the date the interest began.

## **22.2 Reporting and approval of related party transactions**

The SBM is responsible for identifying any potential transactions with related parties in advance of the transaction taking place. The SBM will notify the trust's CFO who will work with the SBM in ensuring the trust is complying with the Academies Financial Handbook requirements as follows:

- completing the ESFA's on-line form for all potential related party transactions
- completing an 'at cost declaration' for transactions with a related party exceeding £2,500, cumulatively, in any one financial year.
- obtaining ESFA's prior approval, using ESFA's on-line form, for contracts for the supply of goods or services to the trust by a related party that would take the total value of contracts with the related party beyond £40,000 in the same financial year ending 31 August

Schools must not proceed with any related party transactions until the CFO is satisfied that ESFA requirements have been met.

# **23. Other**

## **23.1 Insurance**

The SBM is responsible for the institution's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see paragraphs 7.1 to 7.3), all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Board of Trustees annually.





The SBM is responsible for effecting insurance cover as determined by the Board of Trustees. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records.

The SBM will keep a register of all insurances effected by the institution and the property and risks covered. He or she will also deal with the institution's insurers and advisers about specific insurance problems.

The SBM is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

All staff using their own vehicles on behalf of the institution are covered under the Academy's insurance policy.

### **23.2 Security**

Keys to safes or other similar containers must be kept securely at all times. The loss of such keys must be reported to the SBM immediately. The Headteacher/Principal of School shall be responsible for maintaining proper security and privacy of information held on the institution's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs, together with restricted physical access to network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The SBM is responsible for the safekeeping of official and legal documents relating to the school. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the SBM. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

### **23.3 Provision of indemnities**

Any member of staff asked to give an indemnity, for whatever purpose, should consult the SBM before any such indemnity is given.



## 24. Appendices

**Appendix A - Finance & Governance Structure**

**Appendix B - Responsibilities of the Finance, Audit and Resources Committee**

**Appendix C - Finance Department Structure**

**Appendix D - The Seven Principles of Public Life**

**Appendix E - Anti-Fraud and Bribery Policy**

**Appendix F - Summary of Protocols for Proposed Capital Expenditure**

**Appendix G - Summary of Protocols for Proposed Major Developments**

**Appendix H - Internal Audit Function**

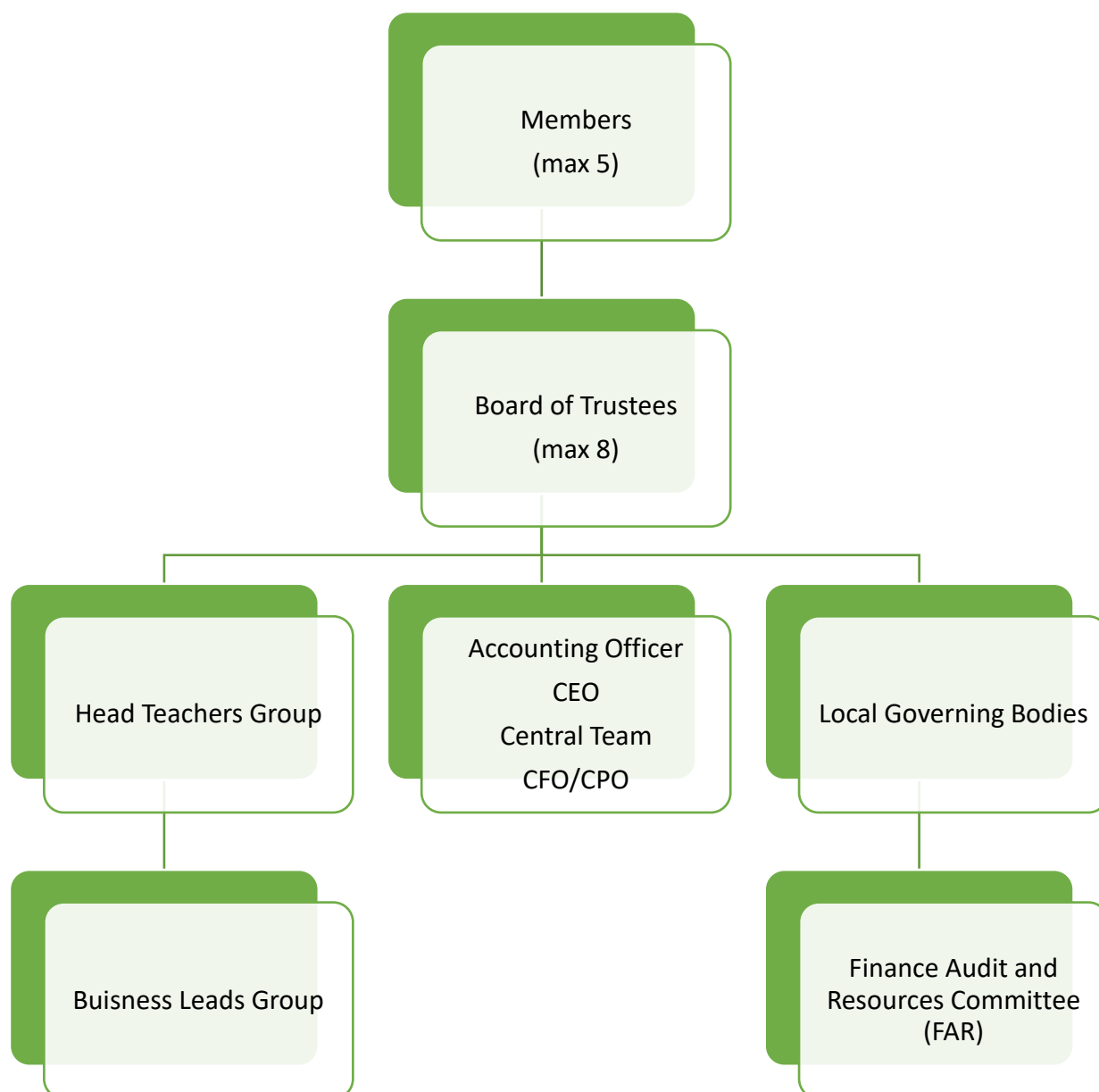
**Appendix I - Treasury Management Policy**

**Appendix J - Competitive Tendering Policy**

**Appendix K - Accounting Policies**



## Appendix A – Finance and Governance Structure



**Reviewed**  
**Next Review**

**July 2023**  
**July 2024**



## **Appendix B – Finance Audit and Risk Committee Responsibilities**

### **1. Meetings**

1.1 The Committee will meet at least once per term (3 times per academic year) in advance of the trust board meetings.

1.2 The quorum shall be 2 trustees.

1.3 The administration of the meeting will be managed by the governance professional to the trust. Agenda and papers will be circulated to members of the Committee 7 days in advance of the meeting.

1.4 In addition to voting in person at a meeting trustees are able to vote on matters via e-mail to the governance professional (ahead of the meeting) or via video/telephone conferencing during the meeting.

### **2. Authority**

2.1 The Committee will report to the trust board on any decisions taken in accordance with the Scheme of Delegation.

2.2 The Committee is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Board.

2.3 The Committee is authorised to obtain any legal and professional advice it considers necessary, normally in consultation with the Chair of the trust board

### **3. Duties**

The main duties of the Finance, Audit and Risk Committee are as follows: -

3.1 Fulfil its responsibilities as set out in these Terms of Reference in line with the trust's Funding Agreement, Articles of Association, Scheme of Delegation, Academies Trust Handbook, Academies Accounts Direction, and the trust's Financial Procedures Manual.

3.2 Ensure sound management of the trust's finances and resources including proper planning, monitoring, probity, and value for money.

3.3 Advises the board on the adequacy and effectiveness of the trust's governance, risk management, internal control, and value for money systems and frameworks.



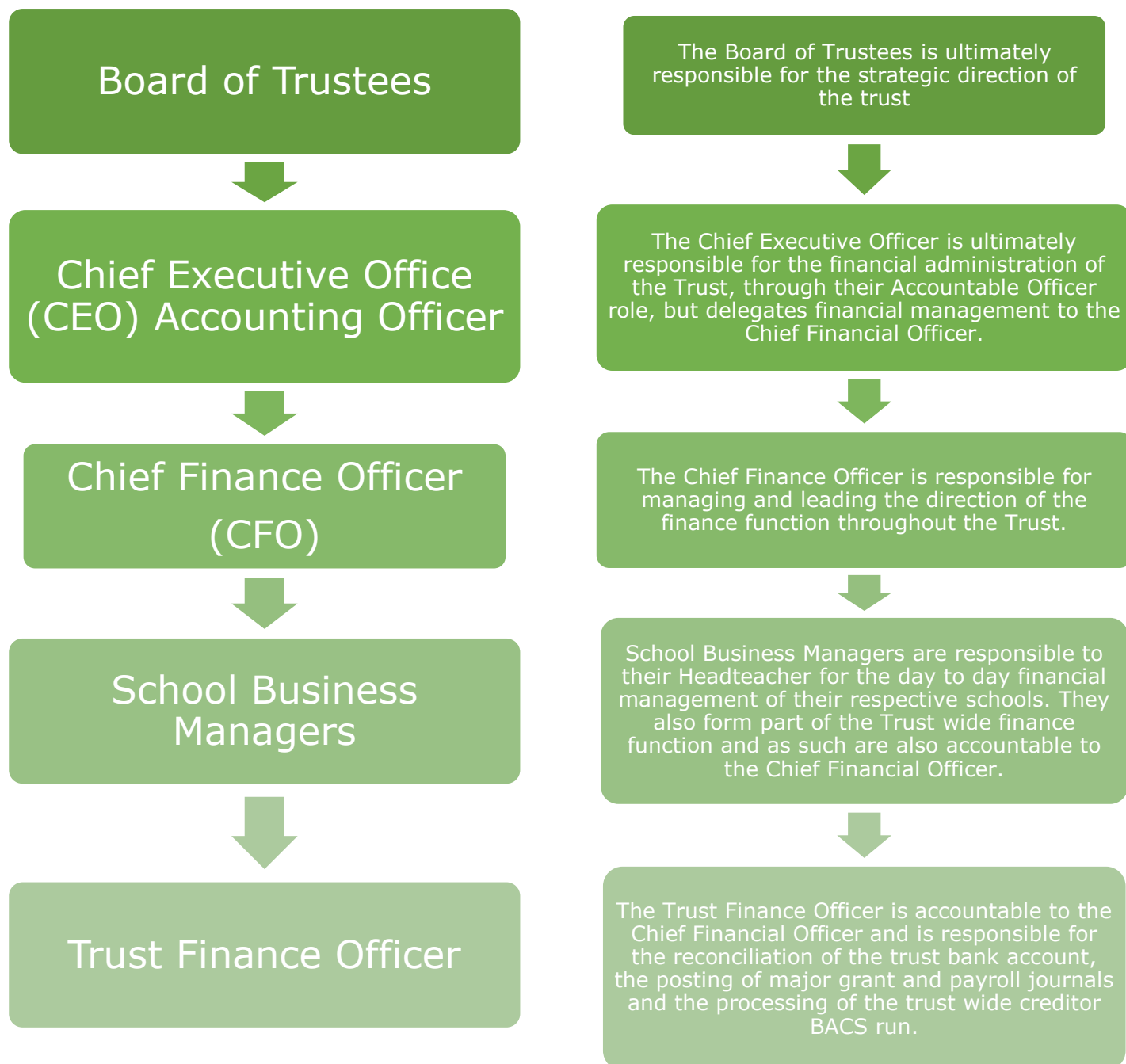
3.4 Advise the board on the appointment, re-appointment, dismissal, and remuneration of the external auditor.

3.5 Advise the board on the need for and then, where appropriate, the appointment, re-appointment, dismissal and remuneration of an internal auditor or other assurance provider

<b>Reviewed</b>	<b>July 2023</b>
<b>Next Review</b>	<b>July 2024</b>



## Appendix C – Finance Department Structure



**Reviewed**  
**Next Review**

**July 2023**  
**July 2024**



## Appendix D – The Seven Principles of Public Life

### SELFLESSNESS

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

### INTEGRITY

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

### OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### OPENNESS

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### HONESTY

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.

**Reviewed**  
**Next Review**

**July 2023**  
**July 2024**





## Appendix E – Anti Fraud and Bribery Policy

### 1. POLICY STATEMENT:

The Trust is committed to the prevention of fraud, bribery and corruption and the promotion of an anti-fraud culture.

The culture of the Trust is one of honesty and is opposed to fraud, bribery and corruption. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Trust will act with integrity, and that Trust employees at all levels will lead by example in these areas.

The aim of this Policy is to:

- Encourage the prevention of fraud and corruption.
- Promote the early detection of fraud and corruption,
- Clarify the responsibilities of Trustees, Directors, Governors and employees,
- Explain how suspicions of fraud and corruption can be reported, and summarise the procedure for investigations.

This policy is a clear message from the Trust that it will endeavour to take all possible steps to prevent and eliminate fraud and corruption. It identifies a clear path for everyone that is associated with the Trust to report any suspicions of fraud and corruption without any fear of discrimination.

### 2. DEFINITIONS OF THEFT, FRAUD, BRIBERY AND CORRUPTION:

The Fraud Act 2006 came into force on 15th January 2007. It repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single offence of fraud which can be committed in three separate ways: -

- False representation
- Failure to disclose information where there is a legal duty to do so
- Abuse of position

The Act also created four new offences of: -

- Possession of articles for use in fraud
- Making or supplying articles for use in fraud
- Obtaining services dishonestly
- Participating in fraudulent business



Whilst the act does not provide a single definition of fraud, it may be described as,

*"Making dishonestly a false representation with the intention to make a gain for oneself or another, or, to cause loss to another or expose him to a risk of loss."*

or

*"Dishonest conduct with the intention to make gain, or cause a loss or the risk of a loss to another"*

### Theft

Theft is defined in the 1968 Theft Act:

*"A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it"*.

### Bribery

The Bribery Act 2010 came into force on 1st July 2011 and provides a more effective legal framework to combat bribery in the public and private sectors.

The Act:

- Creates two general offences covering the offering, promising or giving of an advantage, and requesting, agreeing to receive or accepting of an advantage,
- Creates a discrete offence of bribery of a foreign public official,
- Creates a new offence of failure by a commercial organisation to prevent a bribe being paid for or on its behalf it will be a defence if the organisation has adequate procedures in place to prevent bribery.

### Corruption

The Trust defines the term "corruption" as:

*"The offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers."*

## 3. KEY RESPONSIBILITIES

The Accounting Officer is responsible for:

- Regularly reviewing the Anti-Fraud, Bribery and Corruption Policy and compliance to ensure it remains effective and relevant to the needs of the trust;



- Ensuring that the Policy is brought to the attention of all employees.
- Ensuring that staff recruitment is carried out in accordance with employment law and to ensure that only honest employees are offered contracts of employment.
- Declaring any interests or offers of gifts or hospitality which are in any way related to the performance of their duties.
- Supporting the concept of induction and training particularly for employees involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.
- Notifying the DfE of any proven fraudulent and financial irregularities.

The Principal of a Trust Academy is responsible for:

- Developing, implementing and maintaining adequate systems of internal control to prevent and detect fraud.
- Monitoring compliance with internal controls and agreed policies and procedures.
- Investigating all allegations of fraud and commencing disciplinary action where appropriate.
- Notifying the Accounting Officer of any indications of fraudulent activity.
- Notifying the Accounting Officer and Principal Finance Officer of any alleged financial irregularities.
- Reporting to the Governing Body on all aspects of fraud risk management.
- Declaring any interests or offers of gifts or hospitality which are in any way related to the performance of their duties.

Employees of the Trust are responsible for:

- Familiarising themselves with the types of fraud and dishonesty that might occur within their organisation.
- Ensuring that the Trust and Academy reputation and assets are protected against fraud.
- Reporting known or suspected fraud.
- Complying with the Trust and Academy policies and procedures.
- Declaring any interests or offers of gifts or hospitality which are in any way related to the performance of their duties.

## 4. REPORTING SUSPICIONS

Trust employees are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with Trust/Academy activity.

Any concerns should be reported immediately in the knowledge that such concerns will be treated in confidence and properly investigated.



A Whistleblowing Policy is in place to facilitate the reporting of concerns by employees and Governors where the normal reporting to a line manager is not appropriate.

A copy of the Whistleblowing Policy can be found on the Trust website.

NB/ Staff and Governors should not attempt to investigate any fraud themselves - Please refer to Fraud Response Plan below:

## 5. FRAUD RESPONSE PLAN

All allegations of fraud, loss, financial irregularity, bribery or corruption involving the Trust/Academy finances and/or assets will be reported to the Principal in the first instance or the Chair of Governors if this is not appropriate.

The Chair of Governors and/or the Principal will notify the Accounting Officer of the matter before investigating the allegations of fraud or corruption.

Where offences are suspected, investigations are carried out to establish the facts in a fair and objective manner.

The investigation process will include the:

- Screening of the allegations or information to gauge their credibility.
- Securing of all evidence which must be retained in its original format i.e., not written on or marked in anyway and stored securely;
- Interviewing of witnesses.
- Taking of statements.
- Interviewing of people suspected of being involved.
- Liaison with departments or other agencies (including the Police)

The investigation will be conducted in accordance with legislation and in conjunction with guidance from the Trust's Human Resources advisor.

The Accounting Officer will be notified of the outcome of the investigation and proposed action to be taken.

Where evidence of fraud or irregularities is found, the Trust will consider taking further action. This may include:

- Implementing the Academy disciplinary procedures where an employee is involved.
- Referral to the Police, where appropriate, in order for them to consider taking criminal action.



- Reporting the control weakness identified during the investigation to the Governing Body and advising them how these weaknesses have been addressed to prevent future irregularities.
- Seeking compensation for all losses incurred.

<b>Reviewed</b>	<b>July 2023</b>
<b>Next Review</b>	<b>July 2024</b>



## Appendix F – Capital Projects Protocols

### SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE

Proposed capital projects should be supported by:

- a statement which demonstrates the project's consistency with the strategic plans and estates strategy approved by the governing body
- an initial budget for the project for submission to the governing body through the Finance Audit and Resources committee; the budget should include a breakdown of costs including professional fees, VAT and funding sources
- a financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans
- an investment appraisal in an approved format which complies with funding body guidance on option and investment appraisal
- a demonstration of compliance with normal tendering procedures and funding body regulations – this will require careful consideration where partnership arrangements are in place
- a cash flow forecast

<b>Reviewed</b>	<b>July 2023</b>
<b>Next Review</b>	<b>July 2024</b>



## Appendix G – Major Development Protocols

### SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS

The proposal should be supported by a three-year business plan which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the governing body and with the institution's powers under current legislation
- details of the market need and the assumptions (based on reference data) of the level of business available
- details of the business and what product or service will be delivered
- an outline plan for promoting the business to the identified market place and achieving planned levels of business
- details of the staff required to deliver, promote and manage the business, together with any reskilling or recruitment issues
- details of any premises and other resources required
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions
- contingency plans for managing adverse sensitivities
- consideration of taxation and other legislative or regulatory issues
- a three-year financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the institution cash flow forecast for the financial years in question.

<b>Reviewed</b>	<b>July 2023</b>
<b>Next Review</b>	<b>July 2024</b>





## Appendix H – Internal Audit Function

### INTERNAL AUDIT RESPONSIBILITIES

A strong system of internal control is vital in order to ensure the academy trust thrives. The role of the internal auditor is to act as a “critical friend” to the organisation, providing an unbiased view on the operations of the trust. The internal auditor:

- Evaluates and provides reasonable assurances that risk management, control and governance systems are functioning as intended and will enable the trust’s objectives and goals to be met
- Reports risk management issues and internal control deficiencies identified directly to the Audit Committee and provides recommendations for improving the trust’s operations, in terms of both efficient and effective performance
- Evaluates information security and associated risk exposures
- Evaluates the regulatory compliance program
- Evaluates the trust’s readiness in case of business interruption
- Engages in continuous education and staff development
- Provides support to the trust’s anti-fraud programs

A robust system of internal control gives management and governance assurance over:

- Safeguarding of assets
- Delivery of value for money
- Risk of financial malpractice
- Risk of inappropriate use of funds

The trust’s systems of internal control should be reviewed annually. However, a more frequent review should take place in the event of major organisational change, for example:

- A change in the structure of the trust
- A change in the size of the trust
- Concerns raised by internal and/or external auditors
- Significant fraud, impropriety or other financial irregularities

The trust has a responsibility for developing appropriate systems and processes whilst also meeting the minimum requirements set out in the Education Funding Agency’s (EFA) financial framework.

<b>Reviewed</b>	<b>July 2023</b>
<b>Next Review</b>	<b>July 2024</b>



# Appendix I – Treasury Management Policy

## Introduction

Treasury Management is defined as: -

- the management of the Academy's cash flows, banking and investment transactions.
- the management of the risks associated with these activities.
- the pursuit of optimal returns consistent with those risks.

The objectives of this policy are to ensure that the Academies within the Trust: -

- maintains sufficient cash balances in its current account to meet its day to day commitments.
- invests surplus cash to earn an acceptable rate of return without undue risk.
- considers spreading risk between differing types of investment and institutions to reduce credit risk.

## Responsibility

The Board of Trustees and Accounting Officer have overall responsibility for the security and management of funds. The management of the trust's cash flows, banking and investment transactions is delegated to the Chief Finance Officer who delegates the day to day control to the individual School Business Managers.

The Chief Finance Officer will seek agreement from the Accounting Officer and Board of Trustees prior to making investment decisions.

## Cash Flow Forecasts

The CFO prepares 12 month rolling cash flow forecasts, to identify expected cash balances throughout the year for investment opportunities, and to provide early warning of low cash balances. Management action will be taken e.g., reduce, defer or halt spending to address potential low cash balances.

## Borrowing

The Academy is not permitted borrow without prior permission of the Secretary of State.

## Investments

The Academy will operate a current account and special interest bearing sweeping account with a bank approved by the Chief Finance Officer. The Academy will maintain sufficient balances to ensure



there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.

Monies surplus to the working requirements shall be invested in. The Academy will not take out any term investments until reliable cash flow pattern had been established, monies will only be paid into term deposits not exceeding six months.

## Limits and Authority

The Board of Trustees reserves the powers to:

- Give prior approval to the opening of new bank current accounts.
- Amend the list of approved institutions with whom the Academy will invest (currently only the Royal Bank of Scotland).
- Give prior approval to any bank deposit with a maturity date exceeding six months.

The Board delegates authority to the Chief Finance Officer to place deposits in the Trust's name, at approved institutions, subject to the agreed limits within this policy. No deposits will be placed without prior agreement with the Head teacher or other signatory subject to the relevant limits.

Authorised bank signatories of each academy are set out in the Academy's Financial Procedures.

## Register of Deposits

The Chief Finance Officer will maintain a register of all deposits/investments held which will record:

- Institution with which deposit placed
- Date deposit placed
- Amount deposited
- Date of maturity
- Amount returned
- Interest earned
- Rate of Interest

## Monitoring, evaluation and review

The Chief Finance Officer will present the Register of Deposits to the Board of Trustees annually.

Periodically (at least annually) the Chief Finance Officer will review interest rates and compare these with investment opportunities through other institutions.

<b>Reviewed</b>	<b>July 2023</b>
<b>Next Review</b>	<b>July 2024</b>



## Appendix J – Competitive Tendering Policy

In accordance with the requirements set out in the Academies Financial Handbook (issued by the Education Funding Agency, 2018) the Board of Directors & Local Governing Bodies ensure that a code of tendering practice is in place and applied.

Where the trust is in receipt of a grant from the Department for Education (DfE) approval will be sought from the DfE prior to accepting a tender (where specific grant conditions apply).

### FORMS OF TENDER

The three forms of tender procedure and the circumstances in which they must be used are detailed below:

Open tender: this is the preferred method in which a project is open to all potential suppliers to tender. Not only does this promote healthy competition, it also ensures the school is able to attract a broader number of suppliers whilst achieving better value for money. It is important to consider how best to advertise for suppliers (press release, advertise in trade journals, approach local suppliers directly).

Restricted tender: this is where specific suppliers are invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between contract value and administrative cost
- the work to be carried out is of a specialised nature
- the cost of advertising is likely to outweigh the benefits of open tendering

Negotiated tender: the terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in the following circumstances:

- open/restricted tenders have yielded unacceptable results
- a limited number of suppliers are available or there is a degree of urgency
- additional deliveries by the existing supplier are justified

### PREPARING THE TENDER

When preparing the tender full consideration should be given to:

- the objectives of the project
- overall requirements
- technical skills required
- after sales support required
- form of contract

Once all requirements have been identified each one should be ranked as mandatory or desirable. This will enable the project lead to mark each supplier and help to make an informed decision.



## INVITATION TO TENDER

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.

An invitation to tender should include:

- brief introduction/outline of the project
- scope and objectives of the project
- details of any technical requirements
- implementation of the project
- terms and conditions of the tender
- form of response

## FACTORS TO CONSIDER

### Financial:

- Compare like with like – the lowest price tender may not deliver the same level of quality as a slightly higher priced tender
- Ensure the tender price is the final price – look out for hidden extra costs
- Is there scope for negotiation?

### Technical:

- Does the contractor have suitably qualified/experienced staff?
- Does the contract have relevant experience in completing similar projects?
- What quality control procedures are in place?
- Will the contractor issue a certificate of quality/comfort?
- Does the contractor have technical and service facilities?
- Can the contractor provide customer references?

### Other:

- What after sales service is available?
- Is the contractor financially sound?

## TENDER ACCEPTANCE

The invitation to tender should state the deadline for submission. All tenders should be submitted in plain envelopes clearly stating 'tender documents enclosed'. All envelopes received should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not be accepted.

## TENDER OPENING

All tenders should be opened at the same time and tender details recorded. At least two persons should be present for the opening of tenders as follows:



- For contracts up to £75,000 – the project lead and the Headteacher/Chief Financial Officer
- For contracts over £100,000 – the Headteacher or the Chief Financial Officer and a member of the Finance, Audit & Premises Committee

A separate record should be established to record the names of the firms submitting tenders and the amounts tendered. This record must be signed by both parties present at the tender opening.

## TENDER PROCEDURES

The evaluation process must 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.

Those involved in making decisions should not accept gifts or hospitality from potential suppliers that could compromise, or be seen to compromise, their objectivity and independence.

Full records should be kept of all criteria used for the evaluation for contracts and a report should be prepared for the Finance, Audit & Premises Committee highlighting the relevant issues and recommending a decision.

## THRESHOLDS

The current thresholds are as follows:

Up to £5,000	Headteacher Approval	No quotations required
Over £5,000 up to £10,000	Headteacher Approval	3 written quotes
Over £10,000 up to £50,000	Local Governing Body Approval	3 written quotes
Over £50,000 School level	Local Governing Body Approval then Trust Central Approval	Competitive tender
Over £50,000 Trust Level	Board of Trustees Approval	Competitive tender

## COMPLIANCE WITH EU LEGISLATION

All academy trusts are currently subject to the European Procurement Directive. This means that all projects above a certain value must be advertised in the Official Journal of the European Union. The tender thresholds (net of VAT) in force from 1st January 2018 are as follows:

Supplies	Services	Works
81,302	£181,302	£4,551,413

**Reviewed**  
**Next Review**

**July 2023**  
**July 2024**



## Appendix K – Accounting Policies

Reviewed July 2023 Next Review July 2024

A summary of principal accounting policies adopted by the trust is set out below.

### Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

The Rose Learning Trust constitutes a public benefit entity as defined by FRS 102.

### Going Concern

The Trustees assess whether the use of going concern is appropriate i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Pupil Premium is recognised in the period of entitlement. Where entitlement occurs before income is received the income is accrued.





Capital grants are recognised in full when there is unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Sponsorship Income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there is no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis (where there is no performance-related conditions) where the receipt is probable and it can be reliably measured.

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

- **Transfer on conversion**

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as 'Transfer on conversion' within 'Donations and capital grant income'.

## **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.



- **Charitable Activities**

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

### **Tangible Fixed Assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	50 years
Fixtures, fittings and equipment	5 years
ICT equipment	3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.



## **Provisions**

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

## **Leased Assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

## **Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

## **Financial Instruments**

The Academy Trust only holds basic financial instruments as defined by FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial assets – trade and other financial debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured as face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is no obligation to deliver services rather than cash or another financial instrument.

## **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.



## **Pensions Benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

## **Fund Accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education.

