



The Three Rivers

Learning Trust

Name of Policy	Finance Policy
Policy Number	
The Three Rivers Learning Trust	
Named Person(s)	M Tait
Review Committee	Board
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Statement of intent

It is important for **The Three Rivers Learning Trust** to demonstrate that they do not benefit personally from decisions they make with regards to the spending of public money. To ensure that the financial standing of the MAT cannot be brought into disrepute, this policy will be implemented by all academies within the MAT, guaranteeing consistency in financial procedures across the academies.

This policy applies to all employees in the MAT, as well as services and goods sourced from external agencies, such as contractors and caterers.

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

1. Legal framework

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

- Employment Relations Act 1999
- Companies Act 2006
- The Equality Act 2010
- The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)
- **[Updated]** ESFA (2019) 'Academies financial handbook 2019'
- DfE (2016) 'Academies financial assurance'
- ESFA (2019) 'Declare or seek approval for related party transactions: summary guidance'
- **[New]** DfE (2019) 'Good estate management for schools'

1.2. This policy operates in conjunction with the following school policies:

- Pay Policy
- Procurement Policy
- Charging and Remissions Policy
- Conflicts of Interest Policy
- Data Protection Policy
- Fraud Policy

2. Roles and responsibilities

2.1. The MAT's members are responsible for:

- Appointing the trust's auditors and receiving the trust's audited annual accounts.
- Conducting the business of the trust in accordance with company and charity law and adhering to the trust's funding agreement with the Secretary of State.
- **[New]** Appointing the external and internal auditors.

2.2. The MAT's board of trustees is responsible for:

- **[Updated]** Applying the highest standards of conduct and governance and taking full ownership of their duties.
- Overseeing the financial performance of the trust.
- Ensuring that the trust's practices reflect the 'seven principles of public life' (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).
- Ensuring that funds are received according to the academy's funding agreement and are used only for the purposes intended.
- **[Updated]** Ensuring the trust complies with any financial notices to improve (FNtI) issued to it by the ESFA and that these are published on the trust's website within statutory timeframes.
- Approving the annual budget, consolidated budget, central budget and each academy's budget.

- **[New]** Ensuring the trust has sound internal control, risk management and assurance processes.
- **[Updated]** Ensuring that their decisions about levels of executive pay, including salary and benefits, follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities.
- Overseeing the financial performance of the organisation and making sure its money is well spent.
- Approving the MAT's three-year financial plan.
- Ensuring an appropriate scheme of delegation is in place.
- Ensuring assets are effectively managed.
- Approving purchase orders, invoices and contracts over £25,000.
- Ensuring accurate accounting records are maintained.
- **[New]** Ensuring regularity and propriety in use of the MAT's funds, and achieve economy, efficiency and effectiveness.
- Appointing key positions and roles relating to finance, including business managers, accountants and auditors.
- **[New]** Appointing an audit committee to advise on the adequacy of financial and other controls and risk management arrangements, direct a programme of internal scrutiny, and consider the results and quality of external audit.
- Receiving the annual audit report.
- Approving the mandates for the operation of academy bank accounts and credit cards.
- Approving severance and compensation payments up to £50,000, after which they must seek the ESFA's approval.
- Appointing, in writing, a senior executive leader who may be appointed as a trustee.
- Appointing an appropriate accounting officer that is the senior executive leader.
- **[Updated]** Appointing an appropriately qualified and/or experienced CFO.
- Referring to the competency framework for governance to determine if any skills gaps are apparent and taking steps to mitigate these.
- Appointing the headteacher for each academy.
- Referring and adhering to the six features of effective governance as set out in the 'Governance handbook'.
- **[New]** Keeping the trust's approach to internal scrutiny under review, considering any changes to the trust's size, complexity or risk profile.
- **[New]** Taking advice from the audit committee and ensuring there is an appropriate, reasonable and timely response by the trust's management team to findings by auditors, taking opportunities to strengthen systems of financial management and control.

2.3. The accounting officer is responsible for:

- Sharing the ESFA's '[Dear Accounting Officer](#)' letter with the members, trustees, the CFO and other members of the SLT, arranging for it to be discussed by the board of trustees and taking action, where appropriate, to strengthen the trust's financial systems and controls.
- Achieving value for money and the best possible educational outcomes through the economic, efficient and effective use of resources.

- Ensuring regularity when dealing with items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and the 'Academies financial handbook 2019' (AFH), and with the trust's internal procedures.
- Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour and corporate governance.
- Completing and signing a statement of regularity, propriety and compliance each year and submitting this to the ESFA with the audited accounts.
- The trust's financial affairs.
- Keeping full and accurate financial records.
- The management of opportunities and risks.
- Assuring the board of trustees that the trust is compliant with the AFH and the funding agreement.
- Informing the board of trustees, in writing, of any action or policy under consideration that is incompatible with the terms of the articles of association, funding agreement or the AFH.
- Informing the ESFA, in writing, where they have advised the board of trustees that they are in breach of the articles of association, funding agreement or AFH but the board has continued with their actions.

2.4. The CFO is responsible for:

- Acting as the principal finance officer for the MAT.
- Ensuring that the MAT's financial position is managed at a strategic level within the framework for financial control determined by the board of trustees.
- Ensuring that all financial matters focus on the wider needs of the MAT, rather than on any individual academy.
- Working with internal auditors to provide assurance to the audit committee and board of trustees.
- Ensuring the annual accounts are properly presented and adequately supported by the underlying books and records of the MAT.
- Challenging staff to ensure that value for money is routinely obtained.
- Ensuring effective financial policies are in place across the MAT.
- Acting as an authorised signatory of the MAT bank account and the bank accounts of the academies within the MAT.
- Ensuring that forms and returns for the MAT are sent in line with statutory timeframes.
- Accepting quotations/tenders at a minimum of £10,000 and over.
- Authorising virements to approved budgets between £10,000 and £25,000.
- Authorising tenders between £10,000 and £25,000 for the MAT.
- Approving purchase orders, invoices and contracts between £10,000 and £25,000.
- Liaising with the headteacher and SBM from each academy regarding financial matters.

2.5. The MAT's audit committee is responsible for:

- Implementing appropriate accounting policies.
- Ensuring an appropriate framework of internal financial controls is established.

- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and related ESFA guidance.
- Acting as the audit committee for the MAT and reviewing reports on the effectiveness of the financial procedures and controls of the MAT and its constituent academies.
- **[New]** Ensuring the trust's annual summary report of the areas reviewed, key findings, recommendations and conclusions is submitted to the ESFA each year, and providing additional internal scrutiny reports if requested.
- **[New]** Directing the trust's programme of internal scrutiny and reporting to the board on the adequacy of the trust's financial and other controls and management of risks.

2.6. Academy Council's are responsible for:

- Ensuring that any grants are used for the purposes intended.
- Making recommendations to the board of trustees in relation to the appointment, pay and contractual terms of members of the SLT in their academy.
- Approving recommendations from their academy's headteacher in relation to the appointment, pay and contractual terms of members of staff other than members of the SLT.

2.7. **[New]** The clerk to the board of trustees is responsible for:

- Ensuring the efficient functioning of the board of trustees by providing:
 - Administrative and organisational support.
 - Guidance to ensure the board works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences of non-compliance.
 - Advice on procedural matters relating to the operation of the board.

2.8. The headteacher of each academy is responsible for:

- Ensuring budgetary control within approved budgets.
- Authorising contracts and orders, up to the amount stated in the scheme of delegation, reporting all decisions to the Academy Council.
- Approving new staff appointments, except for senior staff positions.
- Making recommendations to the Academy Council regarding staff pay and contractual conditions, other than members of the SLT.
- Ensuring that draft budget papers are prepared for the consideration of the Board.

2.9. The Management Accountant is responsible for:

- Managing day-to-day financial issues, including the establishment and operation of the accounting system for the Trust
- Maintaining effective internal controls for the Trust
- Managing their Trust's financial position at a strategic and operational level within the framework for financial control
- Drafting original and revised finance plans in cooperation with the CEO, headteachers, SBMs and with the support of the COO.
- Maintaining the accounting records for the Trust.

- Ensuring that purchase orders are raised prior to ordering goods/services, wherever possible, to aid effective budget monitoring and management.
- Ensuring that payments are made to suppliers within 30 days after the date of the invoice.
- Monitoring the budget on a monthly basis.
- Monitoring cash flow during the month and liaising with the CFO regarding this, where necessary.
- Managing and processing online payments and payroll, subject to appropriate authority.
- Ensuring that proper checks and controls are in place to cover day-to-day activities in accordance with the financial regulations manual.
- Ensuring VAT is correctly accounted for.
- Liaising with the auditors and Finance team in respect of any queries, and ensuring data is supplied for preparation of annual accounts within agreed timescales.

2.10. The SBM of each school is responsible for:

- Managing day-to-day financial issues.
- Maintaining effective internal controls.
- Managing their school's financial position at a strategic and operational level within the framework for financial control
- Drafting original and revised finance plans in cooperation with the headteacher and with the support of the COO.
- Maintaining the accounting records.
- Acting as the named debit card holder.
- Ensuring that purchase orders are raised prior to ordering goods/services, wherever possible, to aid effective budget monitoring and management.
- Monitoring the budget on a monthly basis.
- Ensuring the monthly completion of petty cash and other reconciliations.
- Acting as an authorised signatory for the purposes of authorising payments, certifying employee claims, etc.
- Managing and processing online payments and payroll, subject to appropriate authority.
- Ensuring that proper checks and controls are in place to cover day-to-day activities in accordance with the financial regulations manual.

3. Financial oversight

- 3.1. The MAT takes full responsibility for its financial affairs and uses resources to maximise pupils' outcomes.
- 3.2. The board of trustees meets at least three times a year.
- 3.3. The audit committee meets at least three times a year.
- 3.4. Where the board of trustees meets less than six times a year, it will explain in its governance statement how effective oversight of funds was maintained with fewer meetings.

- 3.5. **[New]** Constituent academies joining the trust will be asked to complete a financial management and governance self-assessment.

4. Budget setting

- 4.1. The budget is a working document which may need revising throughout the year as circumstances change. Any significant revisions will be reported to the Academy Council, as well as the board of trustees.
- 4.2. The budget planning process follows an annual planning cycle and consists of the following four phases:
- Planning
 - Budget setting
 - Monitoring
 - Review
- 4.3. The budget process takes the following elements into account:
- Forecasts of likely pupil numbers to estimate the amount of DfE grant available
 - Review of other income sources
 - Review of past performance against budgets
 - Identification of potential efficiency and budget containment actions
 - An annual review of expenditure headings to reflect known changes and expected variations in costs, such as pay increases, inflation or other anticipated changes
- 4.4. When reviewing and approving budgets for the trust, the board of trustees ensures the following:
- That budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions and are reflective of lessons learned from previous years.
 - Pupil number estimates are challenged and that these underpin revenue projections.
 - An integrated approach to curriculum and financial planning is taken.
- 4.5. Each school within the MAT will have an independent budget which will be managed by their SBM and Headteacher.
- 4.6. A balanced budget for the forthcoming financial year will be approved by the board of trustees, and this approval will be minuted.
- 4.7. The annual budget will reflect the best estimate of the resources available to the MAT for the forthcoming year and will detail how those resources will be utilised, establishing clear links to support the objectives identified in school development plans.
- 4.8. Both medium-term and short-term financial plans are prepared for the MAT and each of the academies in the MAT.
- 4.9. The medium-term plan indicates how the MAT's and each school's educational aims and other objectives are going to be achieved within the expected level of resources over the next three years.

- 4.10. The development plan provides the framework for the annual budget.
- 4.11. Draft budgets will be presented to the headteachers and Academy Councils via the Board, together with a supporting report for approval of the board of trustees.
- 4.12. Once budgets are agreed, this will be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.
- 4.13. **[Updated]** The board of trustees will notify the ESFA within 14 calendar days of proposing to set a deficit revenue budget.

5. Budget management and monitoring

- 5.1. To implement a smooth-running planning process, the CFO will create a budget timetable which outlines important dates, such as when information will be collected, including salary information and estimated budget allocation.
- 5.2. A continuous review of the aims and priorities of the strategy will be undertaken based on the monitoring and analysis of performance.
- 5.3. The SBMs are responsible for monitoring income and expenditure in their school throughout the year.
- 5.4. A three-year budget forecast will be prepared when the budget for the current financial year is being set.
- 5.5. **[Updated]** The CFO will prepare monthly management accounts, setting out the trust's financial performance and position and including an income and expenditure account, variation to budget report, cash flows and balance sheet. The accounts will be shared with the Board of trustees every month
- 5.6. The board of trustees will consider the management accounts when it meets and will ensure appropriate action is being taken to maintain financial viability.
- 5.7. The board of trustees will select key financial performance indicators and measure its budgetary performance against these regularly.
- 5.8. Any potential overspend against the budget will be discussed with the CFO before receiving approval.
- 5.9. The monitoring process will be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate.
- 5.10. The audit committee will continually monitor the quality of the financial information presented to them to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.
- 5.11. The trust will submit the following returns to the ESFA:
 - A budget forecast return outturn by 21 May
 - A three-year budget forecast return by 30 July

The returns will be approved by the board of trustees before submission to the ESFA.

- 5.12. **[Updated]** Where the board of trustees has concerns about the trust's financial performance, it will act quickly to ensure the trust has adequate financial skills in place and consider whether additional financial reporting is required.

6. Cash management

- 6.1. The trust has robust procedures in place to manage its cash position and will avoid becoming overdrawn.
- 6.2. The SBM of each school and CFO will prepare cash flow forecasts to ensure that the MAT has sufficient funds available to cover day-to-day operations.
- 6.3. The SBM will record all transactions regarding cash flow for their school and the CFO will record transactions for the MAT.
- 6.4. When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds.
- 6.5. All cheques and other instruments authorising withdrawal from any of the MAT's bank accounts will bear authorising signatures/electronic signatures in line with the scheme of delegation.
- 6.6. Debit cards linked to a MAT bank account are issued to personnel under the scheme of delegation to pay for goods and services when the normal ordering processes are not possible.
- 6.7. The procurement of goods and services using debit cards will be kept to a minimum and monitored by the MAT's CFO.
- 6.8. Payment via debit or credit card requires the same authorisation as that of purchase orders.
- 6.9. A petty cash tin can be kept at each academy within the MAT, which is the responsibility of the SBM, with the maximum amount of £250 being stored in the tin.
- 6.10. The SBM is responsible for the management of petty cash and will:
- Ensure petty cash is held securely.
 - Make reimbursements only on the correct forms
 - In exceptional circumstances, make cash available to staff in advance of a receipt being available for items under £10.
 - Reconcile petty cash monthly.
 - Make the petty cash available for checking at any time.
 - Record all petty cash transactions.
- 6.11. In the interests of security, petty cash payments should be kept to a minimum. Higher value payments will be invoiced or make a staff reimbursement by BACs or cheque if invoice was not available
- 6.12. A petty cash voucher will be completed and submitted for processing before petty cash is received. Valid receipts for all goods purchased will be attached.
- 6.13. The SBM will be available each day to reimburse petty cash expenses and the recipient will sign a petty cash form to acknowledge receipt.

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

7. Purchasing, procurement and returns

- 7.1. All schools within the MAT will act in accordance with the MAT's Procurement Policy
- 7.2. The headteacher is the budget holder for their school and their approval will be sought, subject to delegations, for any purchases or tenders.
- 7.3. The headteacher and SBM of each school are responsible for ensuring procedures are in place for testing the market, placing orders and paying for goods or services.
- 7.4. If a budget holder is pursuing a query with a supplier, the SBM will be informed of the query and periodically kept up-to-date with progress.
- 7.5. Where the value of an order is over £2,000, the requisition will be accompanied with evidence of thorough discussion and appropriate quotes.
- 7.6. The COO is responsible for ensuring that a value for money statement is published annually, on behalf of the board of trustees.
- 7.7. The COO is responsible for authorising contracts above £10,000 and below £25,000 for the MAT.
- 7.8. Where practicable, three written quotations (two quotes if companies have been used before) will be obtained for all orders between £5,000 and £10,000, to identify the best source of the goods/services.
- 7.9. All orders above £25,000 will be authorised by the board of trustees.

8. Income and expenditure

- 8.1. The main source of income for the MAT and its academies is through the grants received from the ESFA.
- 8.2. When allocating funding, the board of trustees will consider the funding needs and allocations of each academy within the MAT.
- 8.3. Headteachers of constituent academies can appeal any funding allocation decisions to the board of trustees. If, after this appeal, the situation is not resolved, the headteacher can make an appeal to the ESFA.
- 8.4. The COO monitors the receipt of grants, ensuring that all grants due to the academies within the MAT are appropriately collected.
- 8.5. The MAT collects income from parents via a number of methods including, but not limited to, the following:
 - School meals
 - Trips and residential visits
 - Book bags and uniform
 - Additional nursery places
 - Breakfast and after school club lettings
 - Reimbursements from various parties and activities
- 8.6. There are two main areas of expenditure:

- **Salaries** – this forms the largest element of expenditure. Salaries of all staff members will be reviewed on an annual basis by the headteacher, with effect from 1 September and no later than 31 October. Pay review recommendations are then given to the Academy Council for discussion and authorisation. The Board of Trustees confirms pay awards, incremental progression and performance led pay increases, all of which the COO will cost, using known figures and estimates, when preparing the draft budget.
 - **Premises maintenance** – a combination of maintenance surveys and historical costs will form the basis for planned maintenance. The COO will incorporate an allowance for unexpected contingencies, as well as for any small new works which may be proposed in-year. Staff members will follow the procedure outlined in the Staff Handbook when requesting maintenance of premises or new work.
- 8.7. The SBM/Finance Manager will keep an up-to-date record of the income and expenditure for their school.
- 8.8. The SBM/Finance Manager will ensure the entirety of any money collected in return for goods or services, such as a school trip, is banked in the appropriate bank account.
- 8.9. The SBM/Finance Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.
- 8.10. Reconciliations will be prepared promptly following the banking of money and will be reviewed and certified by the COO.

9. Unallocated Reserves

- 9.1. The Learning Trust will maintain a free reserve of 4% of annual School Budget Share plus designated funds in case of unexpected events.

10. Investments

- 10.1. Where the board of trustees wishes to make investments to further the trust's charitable aims, it will ensure that investment risks are properly managed.
- 10.2. When considering an investment, the board will:
- Act within its powers to invest as set out in the articles of association
 - Ensure value for money.
 - Take advice from professional advisers where appropriate.
 - Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation.
 - Ensure investment decisions are in the best interests of the MAT.
 - All executive decisions on investment of short-term liquid funds shall be delegated to the Management Accountant and one other of the COO or CEO.
 - In managing the investment of surplus monies, the investment objective is to optimise returns to the Learning Trust while meeting the overriding need to protect the capital sum. In balancing risk against return, the Learning Trust must be more concerned to avoid risk than to maximise return.
 - A minimum balance of accessible funds, after committed any expenditure, of £250,000 must be maintained.

- At each meeting, the Board shall receive:
 - The Academy's cash flow projections for the financial year.
 - A schedule of cash transactions placed overnight and on fixed-term deposit with details of interest accrued.
- 10.3. **[Updated]** Prior approval will be sought from the ESFA before all investment transactions that are novel, contentious and/or repercussive, regardless of value.

11. Borrowing and debt

- 11.1. Prior approval will be obtained from the ESFA before borrowing from any source, where such borrowing will be repaid from grant monies or secured on assets funded by grant monies.
- 11.2. Payment via credit card requires the same authorisation as that of cheques.
- 11.3. Credit card balances will be cleared before any interest accrues.
- 11.4. The trust will prepare and monitor financial plans to ensure ongoing financial health.
- 11.5. The trust will disclose aggregate figures for transactions of any amount and separate disclosure for individual transactions above £5,000 in its audited accounts for writing off debts and losses, as well as guarantees, letters of comfort and indemnities.
- 11.6. The COO will contact individuals of any outstanding debts owed after 30 days of the notification of payment, e.g. an invoice being sent.
- 11.7. The COO will issue payment reminders to any non-payments at the following intervals:
- 4 weeks from the invoice being sent – first reminder
 - 6 weeks from the invoice being sent – second reminder
 - 10 weeks from the invoice being sent – final reminder
- 11.8. If, after the final reminder is sent, payment is not received in full, the COO will send a letter informing the individuals that if the trust does not receive payment within 14 days, they will refer the matter to a small claims court.
- 11.9. Writing off debts will require the following authorisation:
- debts under £250 the headteacher
 - debts over £250 the COO
 - debts of over £2,000 the board of trustees
 - debts of over £45,000 the ESFA (limit per the Academies Handbook).
- 11.10. The COO will keep accurate records of the debt process, including:
- Logging invoices and receipts on the trust's accounting system.
 - Keeping any emails pertaining to debt collection for three months after the payment has been made.
 - Keeping emails of payment notifications, ensuring each email clearly states the number of the reminder and the date it was sent.

- 11.11. Only the COO or the headteacher can write off debt, with approval from the ESFA and the board of trustees.

12. Fixed assets

- 12.1. The trust will obtain prior approval from the ESFA for the following transactions:
- Acquiring a freehold of land or buildings
 - Disposing of a freehold of land or buildings
 - Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the trust's funding agreement for the disposal of assets generally
- 12.2. Other than the transactions outlined in 11.1, the trust does not need the ESFA's approval to dispose of any other fixed assets.
- 12.3. Any disposal will maintain the principles of value for money, regularity and propriety.
- 12.4. **[New]** The board of trustees will refer to the DfE's '[Good estate management for schools](#)' guidance to help them to manage capital assets and budgets.
- 12.5. Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period. All capital assets are recorded at historical cost as of the date acquired or constructed. The Learning Trust establishes the following minimum capitalisation thresholds for capitalising fixed assets:
- Land and building improvements: £50,000
 - Machinery, equipment & vehicles: £5,000
- 12.6. Detailed records shall be maintained for all fixed assets above the established thresholds within the Fixed Asset Register.

Depreciation of Capital Assets and Useful life

- 12.7. Depreciation is recorded based on the Straight Line method. The useful life of an asset may vary depending on the condition and use. The life period also needs to take account of how long the asset is expected to meet current service demands. The following life spans are used as a guide:
- Land not depreciated
 - Freehold buildings: up to 50 years
 - Fixtures, fittings and equipment: up to 5 years
 - ICT equipment: up to 5 years
 - Motor vehicles: up to 5 years

13. Leasing

- 13.1. For the purpose of this policy, there are two types of lease:
- Finance lease – a form of borrowing
 - Operating leases – not a form of borrowing
- 13.2. The trust will obtain prior approval from the ESFA for the following lease transactions:

- Taking up a finance lease on any class of asset for any duration from another party.
 - Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years.
 - Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.
- 13.3. Any lease will maintain the principles of value for money, regularity and propriety.

14. Gifts

Receiving Gifts:

- 14.1. Directors and members of staff must not accept excessive, frequent or regular gifts, hospitality, entertainment or other services from existing or prospective suppliers. When considering whether to accept such offers, they should consider whether they could affect their independence or cause concern that they might affect their independence.
- 14.2. The Learning Trust maintains a register of gifts and favours offered and whether these were accepted or rejected. Directors and members of staff are required to inform the Learning Trust of such offers annually.

Giving Gifts:

- 14.3. Any gifts bought for members of staff such as maternity, leaving etc. should be paid for by personal staff collections and not Government funds.
- 14.4. However, there may be occasions where it is considered appropriate to provide a gift from the Learning Trust (bereavement etc.). On such occasions the Learning Trust must ensure that the value of the gift is reasonable, is within its scheme of delegation of financial powers, the decision is fully documented and has due regard to propriety and regularity in the use of public funds. Gifts must be approved by the Headteacher.
- 14.5. The gift should be purchased from unrestricted funds, or funds for which this purpose is considered appropriate (i.e. not funds provided by the Government). The gift should not contain alcohol
- 14.6. For further information please refer to the Learning Trust's Expenses Policy available via the Learning Trust's website.

15. Related party transactions

- 15.1. All academies within the MAT will act in accordance with the Conflicts of Interest Policy.
- 15.2. The MAT will be even-handed in their relationships with related parties by ensuring:
- Compliance with their statutory duties to avoid conflicts of interest, benefits are not accepted from third parties, and interests in proposed transactions or arrangements are declared.
 - A Declared Conflicts of Interest Register has been completed.
 - No member of the MAT uses their connection to the trust for personal gain.

- All payments are permitted by the articles of association or by authority from the Charity Commission.
 - The Charity Commission approves payments to a trustee where there is a significant advantage to the academy.
 - Any payment provided to the persons referred to in [14.22](#) satisfies the 'at cost' requirements outlined in this policy.
- 15.3. All transactions with related parties will be reported to the ESFA in advance of the transaction taking place. This applies to transactions made on or after 1 April 2019.
- 15.4. The board of trustees will ensure procedures pertaining to related party transactions are applied across the MAT.
- 15.5. The board of trustees and accounting officer will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with '[The 7 principles of public life](#)'.
- 15.6. The chair of trustees and the accounting officer will ensure their capacity to control and influence does not conflict with requirements.
- 15.7. The trust recognises that some relationships with related parties may attract greater public scrutiny, such as the following:
- Transactions with individuals in a position of control and influence, including the chair of trustees and the accounting officer
 - Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
 - Relationships with external auditors beyond their duty to deliver a statutory audit
- 15.8. The trust will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.
- 15.9. The trust will report all related party transactions made on or after 1 April 2019 to the ESFA in advance of the transaction taking place.
- 15.10. **[Updated]** The trust will obtain prior approval from the ESFA for related party transactions that are novel, contentious and/or repercussive, regardless of value, using the ESFA's [enquiry form](#).
- 15.11. For the purpose of reporting to, and approval by, the ESFA, related party transactions do not include salaries and other payments made by the MAT to a person under a contract of employment through the trust's payroll.
- 15.12. **[Church schools]** The trust will declare, but not seek approval for, eligible transactions to the ESFA where they are for services that can only be delivered by the diocese. A single upload of evidence relating to the payment or levy for these services will be completed.
- 15.13. **[Updated]** The trust will obtain approval from the ESFA using the [online form](#) for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019, where any of the following limits apply:

- The contract exceeds £20,000
 - The contract, regardless of the value, would exceed £20,000 in the same financial year ending 31 August
 - The contract, regardless of the value, would exceed £20,000 individually or cumulatively with the related party in the same financial year ending 31 August
- 15.14. Before completing the ESFA's online form, all the information outlined below will be collected, as it is not possible to partially complete the form and return to it later.
- 15.15. To create a record for the supplier, the following information is required:
- The name of the supplier
 - The supplier's address
 - The supplier's company number which can be found using the [Companies House](#) website (for limited companies)
 - The statement which best describes the relationship between the supplier and the trust
 - Confirmation that the supplier is listed in the trust's Declared Conflicts of Interest Register
 - Confirmation that the trust has a statement of assurance from the supplier
 - Confirmation that the trust has an open-book agreement with the supplier
- 15.16. The following information will be provided about the related party transaction:
- A short description of the goods or service
 - Details of the proposed cost
 - The start and end date of any contract or agreement
- 15.17. When seeking approval for a related party transaction, the following evidence will be provided:
- How the trust agreed to the related party transaction
 - That the trust followed its Tendering and Procurement Policy
 - That your academy trust tested the market before making a decision
 - How the trust has managed any conflicts of interest

Declared Conflicts of Interest Register

- 15.18. All business and pecuniary interests will be recorded on the Declared Conflicts of Interest Register, including:
- Directorships, partnerships and employments with businesses.
 - Trusteeships and governorships at other educational institutions and charities.
 - For each interest: the name of the business, the nature of the business, the nature of the interest and the date the interest began.

- 15.19. The Declared Conflicts of Interest Register will identify any relevant material interests from close family relationships between the trust's members, trustees or local governors. Relevant material interests arising from close family relationships between these individuals and employees will also be identified.
- 15.20. The Declared Conflicts of Interest Register will be reviewed termly, ensuring all information is up-to-date and amended when any new interests are declared.
- 15.21. The relevant business and pecuniary interests of members, trustees, local governors and the accounting officer will be published on the trust's website.

'At cost' requirements

1.1. The trust will not pay more than 'cost' for goods or services provided by the following:

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

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

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

- 1.3. 'At cost' requirements do not apply to the trust's employees unless they are employed by one of the parties outlined in [14.22](#).
- 1.4. 'At cost' requirements apply to contracts for goods and services from a related party agreed on or after 7 November 2013.
- 1.5. 'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.
- 1.6. If any of the parties outlined in [14.22](#) are based in, or work from, the trust's premises, the trust will agree an appropriate sum to be paid to the trust for use of the premises, unless the party is conducting work on behalf of the trust.
- 1.7. 'At cost' requirements apply to legal advice or audit services when the organisation's partner directly managing the service is a member or trustee of the trust, but not in other cases.
- 1.8. **[Church schools]** Contributions made by the trust to the diocese for services received associated with securing the trust's religious character and ethos, which only the diocese can provide, are regarded as meeting the 'at cost' requirement.
- 1.9. The trust will ensure that any agreement with an individual or organisation referred to in [14.23](#) is procured through an open and fair process and is:
 - Supported by a statement of assurance from the individual or organisation to the trust confirming their charges do not exceed the cost of the goods or services.
 - On the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.
- 1.10. The cost will be the full cost of all the resources used in supplying the goods or services and will not include any profit. Full cost includes:
 - All direct costs – the costs of any materials and labour used directly in producing the goods or services
 - Indirect costs – a proportionate and reasonable share of fixed and variable overheads

16. Payroll

- 16.1. Payroll forms the largest element of the school budget and it is, therefore, essential that financial procedures and internal controls in relation to payroll are properly implemented.
- 16.2. All payroll transactions relating to MAT staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made through any other mechanism.
- 16.3. Each academy within the MAT will act in accordance with the Pay Policy and payroll procedures.

- 16.4. The main elements of the payroll system include staff appointments, payroll administration and payments.
- 16.5. Payroll is notified of any staff absence using the absence recording system.
- 16.6. The headteacher and SBM are responsible for ensuring that:
- Payments are made only to bona fide employees.
 - Payments are in accordance with individuals' conditions of employment.
 - Deductions, including income tax, national insurance and pensions, are properly administered.
 - Payments are made only in respect of services provided to the school.
 - Amendments to the payroll are properly processed.
- 16.7. The SBM, in collaboration with the admin officer, is responsible for keeping the staff personnel database up-to-date via the designated recording system. This will include the following information about staff members:
- Salary
 - Bank account details
 - Taxation status
 - Personal details
 - Any deductions or allowances payable
- 16.8. During the Autumn term each year, the SLT and SBM will review staffing requirements for the following academic year and propose any changes. These proposals will be reviewed and approved by the Board of Trustees.
- 16.9. The Board of Trustees is responsible for authorising the following salary changes:
- Pay awards for support staff
 - Staffing structure changes
 - Performance-related pay progression
- 16.10. Payroll is continuously monitored and reviewed by the Management Accountant to ensure any changes have been implemented correctly and the information is up-to-date.
- 16.11. Payslips will be produced on a monthly basis and administered to employees via secure electronic communication.

Executive pay

- 16.12. **[Updated]** The board of trustees will ensure that executive pay and benefits, follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities.

- 16.13. No individual will be involved in deciding their salary.
- 16.14. **[Updated]** The board of trustees will discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:
- **Process** – that the procedure for determining executive pay and benefits is agreed by the board in advance and documented. The board ensures that both pay and benefits are kept proportionate.
 - **Independence** – decisions about executive pay and benefits reflect independent and objective scrutiny by the board and conflicts of interest are avoided.
 - **Robust decision-making** – factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been considered.
 - **Proportionality** – pay and benefits represent good value for money and are defensible relative to the public-sector market.
 - **Commercial interests** – the board is sighted on broader business interests held by senior executives, and is satisfied that any payments made by the trust to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction.
 - **Documentation** – the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained.
 - A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term.
 - Understanding that inappropriate pay and benefits can be challenged by the ESFA, particularly in any instance of poor financial management of the trust.
- 16.15. **[Updated] [Trusts with 250 or more employees]** Information about the gender pay gap in the MAT is published on the trust's website and on the government's reporting [website](https://www.gov.uk/report-gender-pay-gap-data) (<https://www.gov.uk/report-gender-pay-gap-data>).

17. Charging and remissions

- 17.1. The Academy Council is responsible for creating a Charging and Remissions Policy.
- 17.2. Charging is permitted for education provided out of school hours, unless it is within the requirements of the national curriculum or to fulfil statutory duties relating to RE.
- 17.3. The Academy Council, in conjunction with the Board of Trustees, can choose to remit charges wholly or in part.
- 17.4. The MAT may charge parents for the cost to replace items broken, damaged or lost if it is due to pupil behaviour.
- 17.5. Payments for activities will be processed and recorded by the SBM.
- 17.6. The SBM is responsible for ensuring that the correct invoices are sent to parents, and that payment is received.

- 17.7. The Academy council will review the Charging and Remissions Policy annually, seeking advice from the COO where necessary.

18. VAT procedures

- 18.1. The MAT, and the academies within it, are registered for VAT and are entitled to reclaim VAT on qualifying purposes through a monthly VAT return.
- 18.2. Under legislation, VAT claims can be made on expenditure which supports the MAT's core business purposes.
- 18.3. A report is run for each of the academies within the MAT by the Finance Manager, to provide the data necessary for the completion of the VAT reclaim form.
- 18.4. VAT is reclaimed monthly.
- 18.5. Only one return for the MAT is required by HMRC.
- 18.6. The MAT is eligible to reclaim most of the VAT it pays on invoices from HMRC.
- 18.7. Any invoices for which VAT cannot be reclaimed, as the purchases were for business activity, are identified and deleted.
- 18.8. Where invoices relate partly to business activity and partly to non-business activity, only the proportion of the VAT relating to the non-business activity will be reclaimed.
- 18.9. The MAT will not recoup the VAT element of journeys in the UK or abroad which are identified in invoices unless the trust is making substantial and direct cash subsidies for each pupil.
- 18.10. Reclaimed VAT will not be debited to the individual academies, but to the VAT control account of the MAT.
- 18.11. The VAT Control account will be reconciled on a monthly basis.

19. Risk management

- 19.1. **[Updated]** The MAT will maintain a risk register and manage risks to ensure its effective operation, including contingency and business continuity planning.
- 19.2. The MAT will have adequate insurance cover in compliance with its legal obligations or will become a member of the academy's [risk protection arrangement](#).
- 19.3. The MAT will cooperate with risk management auditors and risk managers and will implement any reasonable recommendations made to them.

20. Special payments

- 20.1. For the purpose of this policy, special payments include:
- Staff severance payments.
 - Compensation payments.
 - Ex gratia payments.
- 20.2. Where the MAT considers making a staff severance payment above statutory or contractual entitlements, the following factors will be considered prior to making the commitment:

- The proposed payment is in the interest of the trust
 - The payment is justified, based on legal assessment of the chances the trust will successfully defend the case at employment tribunal
 - The level of settlement is less than the legal assessment of what the relevant body will award
- 20.3. Under no circumstances will the MAT make severance payments where the money could be interpreted as a reward for insubordination or failure.
- 20.4. For severance payments equal to or greater than £50,000, the MAT will seek prior approval from the ESFA. The ESFA will refer the transaction to HM Treasury so the trust will allow sufficient time for this to be considered.
- 20.5. Value for money will be shown for all severance payments.
- 20.6. Compensation payments will take account of the facts of the matter ensuring value for money is achieved.
- 20.7. For compensation equal to or greater than £50,000, prior approval from the ESFA will be sought.
- 20.8. The MAT will consider whether cases reveal concerns pertaining to the effectiveness of internal control.
- 20.9. Ex gratia payments will always be referred to the ESFA for approval.

21. Annual accounts

- 21.1. The trust will maintain accounting records and prepare an annual report and audited accounts in line with the Charity Commission's [Statement of Recommended Practice](#) and the ESFA's '[Academies Accounts Direction](#)'.
- 21.2. The audited accounts will be:
- Submitted to the ESFA by 31 December each year
 - Published on the trust's website by 31 January
 - Filed with Companies House in accordance with company law requirements, usually by 31 May
 - **[New]** Provided to every member (under the Companies Act)
 - Provided to anyone who requests a copy
- 21.3. All copies of the accounting audit will be stored and filed securely, in line with the trust's Data Protection Policy.
- 21.4. The Academy Accounts Return will be submitted on time.

22. Auditing

22.1. **[New]** The trust will follow a tiered approach to internal control, risk management and assurance processes comprising:

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

Internal scrutiny

22.2. Internal scrutiny will be conducted within the MAT and directed by the audit committee, alongside the work of an external auditor, to provide independent assurance to the board that its financial and other controls, and risk management procedures, are operating effectively.

22.3. Internal scrutiny will focus on:

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

22.4. The programme of internal scrutiny will be covered by a scheme of work, driven and agreed by the audit committee and informed by risk.

22.5. The programme of work will be spread appropriately over the year to ensure higher risk areas are reviewed in good time.

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

22.7. Internal scrutiny will take account of output from other assurance providers to inform the programme of work.

22.8. Independence in internal scrutiny will be achieved by establishing appropriate reporting lines whereby those carrying out checks report directly to a committee of the board.

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

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

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

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

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

External auditing

- 22.14. The MAT will appoint an external auditor to certify whether its annual accounts present a true and fair view of the trust's financial performance and position.
- 22.15. The contract with the external auditor will be in writing and be accompanied by a [letter of engagement](#) that only covers the details of the external audit including the requirements of the DfE.
- 22.16. The letter of engagement will also include details of the removal of external auditors, before the expiry of the term of office, in exceptional circumstances.
- 22.17. The board of trustees will notify the ESFA immediately of the removal or resignation of the auditors.
- 22.18. The accounting officer will produce a statement on regularity, propriety and compliance and this will be included in the trust's annual accounts.
- 22.19. The statement on regularity, propriety and compliance will include a responsibility to ensure that:
- There is efficient and effective use of resources in their charge.
 - Public money is spent for the purposes intended by parliament.
 - Appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control.
- 22.20. The MAT will respond promptly, reasonably and appropriately to any findings by the auditors.
- 22.21. **[Updated]** The ESFA will be informed within 14 calendar days if the MAT appoints or terminates the contract of:
- An accounting officer or CFO, including their contact information.
 - A chair of trustees, including their contact information.
 - A member, trustee or governor, including their contact information.
 - A headteacher, including their contact information.

23. Record keeping

- 23.1. All financial transactions of the trust are recorded including, but not limited to, the following:
- Purchases and tenders
 - Returns
 - Payroll
 - Cash flow
 - Income and expenditures
 - VAT returns
- 23.2. The COO is responsible for keeping up-to-date records of the MAT's financial state.

- 23.3. The SBM is responsible for keeping up-to-date records in relation to the finances of their school.
- 23.4. Records will include the following information:
- Income and expenditure;
 - The income and expenditure for each activity, with the activity recorded as a budget heading with budgetary comparison
 - A balance sheet which identifies total income, expenditure and the balance for each budget heading
 - The total income and expenditure for the year
 - The balance and carry forward from the previous year
 - Identified profit and loss – any causing concern is investigated
- 23.5. Each school has its own set of financial records for day-to-day operational purposes and budget management.
- 23.6. A record will be kept of all the monies kept on the premises prior to banking, as well as the amount which is kept as petty cash.
- 23.7. All financial records will be kept securely and insured appropriately.

24. [New] Financial notices to improve

- 24.1. Where the ESFA has concerns about the trust's financial management and/or governance, and has issued a FNTI, the trust will comply with this notice.
- 24.2. The trust will publish any FNTI issued by the ESFA on its website within 14 days of it being issued, and retain this on the website until it is lifted by the ESFA.
- 24.3. If a FNTI is issued, the trust will seek prior approval from the ESFA for all transactions outlined in [section 19](#), specifically:
- Special staff severance payments
 - Compensation payments
 - Writing off debts and losses
 - Entering into guarantees, indemnities or letters of comfort
 - Disposals of fixed assets beyond any limit in the funding agreement
 - Taking up a leasehold or tenancy agreement on land or buildings of a duration beyond any limit in the funding agreement
 - Carrying forward of unspent GAG from one year to the next beyond any limit in the funding agreement
 - Pooling of GAG
- 24.4. Where required, the trust will seek prior approval from the ESFA before entering into transactions with related parties.
- 24.5. The trust will submit additional information, such as monthly income and expenditure accounts, if required by the ESFA,

25. Whistleblowing and fraud

- 25.1. The MAT puts proportionate controls in place to mitigate the risks of fraud, theft and irregularity, e.g. regular inspections addressing risks, and implements a Fraud Policy.

- 25.2. Where instances of fraud, theft or irregularity are suspected or identified the board of trustees will investigate it promptly and should any evidence of fraud be found, they will take appropriate action.
- 25.3. In any instance of fraud, theft or irregularity whereby the amount defrauded comes to a total exceeding £5,000 in a financial year, the board of trustees will report it to the ESFA as soon as they become aware of it.
- When reporting to the ESFA on instances of fraud, theft or irregularity, the academy will include the following information:
 - Full details of the event(s) with all key dates
 - The financial value of the loss
 - The measures taken by the trust to prevent recurrence
 - Whether the matter was referred to the police and if not, the reasons why
 - Whether the insurance or the risk protection agreement have offset any loss
- 25.4. If a member of staff suspects their colleagues are involving them in matters of fraud, they have a duty, as an employee of the trust, to raise suspicions to a member of their SLT.
- 25.5. Reports of fraud will be treated in a fair and unbiased manner.
- 25.6. If the report of fraud is against a member of the SLT, the member of staff can go directly to the chair of trustees.
- 25.7. The SLT of the relevant school within the MAT will be responsible for the initial enquiries of fraud, theft or irregularity – they will then pass on their findings to the board of trustees for further inspection.
- 25.8. Upon receiving the SLT's initial findings, the board of trustees will:
- Determine whether further investigation is warranted.
 - Determine the initial response to the alleged perpetrator when this is a member of school staff.
 - Determine who will carry out the investigation.
 - Determine which outside agencies will be involved.
 - Assess the risk of the fraud and the perpetrator to the academy.
 - Determine to whom day-to-day management of the response will be given.
 - Allocate responsibility for damage limitation action.
 - Determine the course of action to recover losses.
 - Determine the course of action to be taken against the perpetrator.
 - Evaluate the events which enabled the fraud to occur.
 - Ensure preventative action is taken to prevent recurrence.
 - Report any excessive fraud (over £5,000) to the ESFA.
- 25.9. The MAT's Whistleblowing Policy outlines the procedures to follow in the event of a report being made by a member of staff, as well as the appeals process and what can be done in the event of a whistleblower being treated unfairly.

- 25.10. The headteacher will ensure all their staff are aware of the Whistleblowing Policy, ensuring that they understand the process of reporting a concern and what they can expect once they have brought a concern to the attention of the academy.
- 25.11. All concerns raised by whistleblowers are responded to properly and fairly in line with the Whistleblowing Policy.

26. Monitoring and review

- 26.1. This policy will be reviewed on an annual basis, or when new legislation/guidance regarding the subject is published, by the Board of Trustees and the accounting officer.
- 26.2. The COO will review and monitor all financial records continuously throughout the year.
- 26.3. The SBM will review and monitor each school's financial records, raising any concerns with the COO.
- 26.4. The next scheduled review date for this policy is December 2023

Appendix I

Scheme of Financial Delegation to the Chief Executive Officer:

The Chief Executive Officer shall have the delegated power to undertake all functions delegated to the Board under the School Standards and Framework Act 1998 pursuant to the Scheme for Financing Schools provided that :-

The Chief Executive Officer shall comply with all policy directions given by the Board;

The Chief Executive Officer shall prepare detailed estimates of expenditure and income relating to matters delegated to the schools for approval by the Board, and shall have the authority to spend all monies allocated to individual specific items in the approved estimate. The Chief Executive Officer shall provide the Board with details of the approved estimates and details of any changes to those estimates arising from virements agreed;

Where no specific item has been provided for in the budget, the Headteacher/Head of School shall not enter into any financial commitment exceeding £25,000 without the consent of the Board or, in the case of emergency, the Chair of the Board;

The Chief Executive Officer shall not vire from one approved budget head to another any sum exceeding £25,000 without the consent of the Board, or, in cases of emergency, the Chair of the Board. All virements shall be reported to the Board at the earliest opportunity;

The Chief Executive Officer shall produce to the Board at least one each term, and on such further occasions as the Board may specify, a written report on all income, expenditure and commitments entered into since the last such report to the Board;

The Chief Executive Officer shall have the power to nominate the Headteacher/ Head of School and one other member of staff to exercise the powers of this delegation during periods of their absence;

The Chief Executive Officer and any other person nominated above shall ensure that at all times these financial regulations and any other instructions issued by the Board with regard to the proper administration of the Learning Trust finances are complied with;

The Chief Executive Officer may write off monies due to the school's delegated budget, up to a value of £1,000, after all reasonable steps have been taken to secure payment.

The Chief Executive Officer shall have the power to appoint staff up to the level of Assistant Headteacher, arrange for the termination of staffing contracts, and administer staff salaries in accordance with the Learning Trust's Pay Policy.

Appendix II

List of Accounting Term Definitions:

Term:	Definition:
Accounting Officer	The senior Executive of the Learning Trust, designated as accountable for regularity, propriety and value for money. In single Academy Trusts this should be the principal. In Multi-Academy Trusts it should be the Chief Executive Officer or Executive Principal of the overall Learning Trust.
Accounting Officer's statement on regularity, propriety and compliance	The Learning Trust's Accounting Officer must complete and sign a statement on regularity, propriety and compliance each year. This statement must be included in the Trust's annual report and submitted to ESFA at the same time as the annual accounts.
Accounts Direction	ESFA's annually published guide for Academies on preparing their Annual Report and Accounts.
Accounts Return	A return of key financial information based on Learning Trusts' annual accounts, but incorporating additional data required for consolidating Learning Trusts' accounts into ESFA's accounts, and for the collection of benchmarking data. ESFA will collect these returns from those Academy Trusts in scope in a format, and by a date, to be notified. The

	accounts return replaces the Consistent Financial Reporting (CFR) return for maintained schools.
Articles of Association	The articles set out the Learning Trust's charitable object(s) and governance arrangements.
Asset	Anything that is capable of being owned or controlled to produce value and that is held to have positive economic value. Can be 'revenue' (e.g. cash) or 'capital' (e.g. a building).
Accrual	An accounting method that records revenues and expenses when they are incurred, regardless of when cash is exchanged.
Capital	Capital assets or funding are those from which the Learning Trust can expect to derive a benefit for more than one year: typically land, buildings, vehicles, information technology etc. Capital assets are usually referred to as fixed assets.
Companies House	This is the UK's Registrar of Companies whose main functions are to incorporate and dissolve limited companies, examine and store company information and accounts, making this publicly available.
Creditor	An individual or company the Learning Trust owes money to e.g. Suppliers of educational materials. A Creditor is an example of a Liability.
Current Asset	A short term asset which is used in the near future e.g. Cash, Debtors.
Debtor	An individual or company who owes the Learning Trust money i.e. Hirer of premises,

	minibus. A Debtor is an example of a Current Asset.
De factor Trustee/Director	A person not validly appointed as a Trustee/Director but exercising the functions that could only be properly discharged by a Trustee/Director
Education & Skills Funding Agency (ESFA)	The ESFA is an executive agency of the DfE that acts as the agent of the Secretary of State.
Ex officio Trustee/Director	By virtue of the office or position held an individual who automatically becomes a Trustee/Director of the Learning Trust.
Fixed Asset	An asset which is to be used for the long term by the Learning Trust and not resold as part of its trading activities e.g. Land and Buildings.
Liability	An amount owed by the Learning Trust e.g. an obligation to pay money at some future date.
Prepayment	Amounts paid for by the Learning Trust in advance of the goods or services being received at the period or year end.
Propriety	The requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This includes standards of conduct, behaviour and corporate governance.
Regularity	The requirement for all items of income and expenditure to be dealt with in accordance with the legislation authorising them, and any applicable delegated authority.

Virement	A transfer of money from one account to another or from one section of a budget to another.
Whistleblowing	When an employee reports suspected wrongdoing at work and makes a disclosure in the public interest, under the protection of the Public Interest Disclosure Act 1998.

Appendix III

List of Acronyms:

Acronym:	Description:
AFA	Academy Financial Handbook
C&AG	Comptroller & Auditor General
DfE	The Department for Education
ESFA	The Education & Skills Funding Agency
ESG	Education Service Grant
FMGS	Financial Management and Governance Self-assessment
FNtI	Financial Notice to Improve
GAG	General Annual Grant
HMT	Her Majesty's Treasury
NOA	National Audit Office
PAC	Public Accounts Committee