



**FAIRCHILDES
ACADEMY
COMMUNITY
TRUST**

**FAIRCHILDES ACADEMY COMMUNITY TRUST
FINANCE POLICY AND PROCEDURES MANUAL
2025/26**

By order of the Trust, we approve

Chair of Trust:

Print name: _RoseAnne Ellis

Sign: _____

Date: **8 October 2025**

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Appendix 1. Scheme of Financial Delegation

1. Introduction:

The policy outlines the procedures for managing monetary transactions within Fairchildes academy community trust. It includes guidelines for procurement, auditing processes, and payroll, ensuring financial practices are transparent, compliant, and efficient. This policy includes expectations about the process for setting executive pay, an explanation of new requirements for related party transactions, and more. Procedures relating to cash management, payroll, special payments and more are also outlined in the policy.

The What has changed in 2025/26 finance policy

It is our responsibility to ensure our trust meets the latest compliance expectations set out in the 2025 'Academy trust handbook' (ATH). These changes signal a growing emphasis on financial control, environmental responsibility, digital safety, and robust governance.

The key updates in our finance police according to Academy Trust Handbook published by ESFA which comes into effect on 1 September 2025 are as follows.

- Embed Trusts sustainability into trust strategy
- Meet the six core digital and technology standards
- Strengthen estate management
- Clarify and uphold accounting officer duties
- Tighten procurement practice
- Review executives' pay decisions
- Ensure rigorous internal scrutiny
- Recognise and avoid repercussive transactions
- Prohibit ransomware payments
- Improve transparency in related party transactions

2. Statement of Intent

Fairchildes Academy Community Trust (FACT) is a Multi Academy Trust.

As a charity and company limited by guarantee, Fairchildes Academy Community Trust (the "Company") is governed by a Board of Directors (the "Directors") who are responsible for, and oversee, the management and administration of the Company and the academies (Fairchildes Primary School, Rowdown Primary School and Monks Orchard Primary) run by the Company.

It is important for **FACT** to demonstrate that we use public money appropriately. To ensure that the financial standing of the trust cannot be brought into disrepute, this policy will be implemented by all academies within the trust, guaranteeing consistency in financial procedures across the academies.

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

The academy must comply with the principles of financial control outlined in the Academy Trust Handbook published by the DfE. According to this handbook, the key financial and governance requirements are certain financial disciplines that any well-run organisation should be expected to deploy, including

- having rigorous procedures for preparing and monitoring financial plans
- delivering effective operational controls
- maintaining a system of internal scrutiny to remain compliant

This manual expands on this and provides detailed information on the academy's accounting procedures and systems.

As charity, academy trust must maintain accounting records and provide publicly accessible accounts in line with the **Statement of Recommended Practice (SORP)** for charities.

DfE added a link to guidance and support on sustainability to help trusts have a climate action plan in place by 2025.

Trust appoints a SLT member to oversee sustainability initiatives.

By embedding sustainability into strategic planning, trusts demonstrate leadership in addressing climate change, ensure compliance with national priorities, and contribute to creating environmentally conscious learning environments.

Annual reports to the DfE

Trusts are required to submit independently prepared annual summary reports of the findings, recommendations and conclusions from their existing programmes of internal scrutiny to the DfE by 31 December each year – at the same time they submit their audited annual accounts. These reports must demonstrate how a trust has checked that its internal systems are effective and compliant. If the DfE requests additional reports on a trust's internal scrutiny, these must also be provided.

Trusts must make documents available for public inspection. These include:

- The agenda for every meeting of the trustees, local governing boards and committees.
- The approved minutes of each meeting.
- Any report, document or other paper considered at each meeting.

Trusts may exclude from any item any material relating to:

- A named teacher, other employee or proposed employee.
- A named pupil at the academy.
- A named candidate for admission or referral to the academy.
- Any matter which, by reason of its nature, the trustees are satisfied should remain confidential.

Trust is required to give third parties permission for the DfE to access documentation about the trust. The DfE or its agents may carry out investigations at an academy trust, as well as audits. This includes new requirements surrounding third-party documentation. Where the DfE has concerns about financial management and/or governance at an academy trust, it may wish to obtain from third parties information or documentation about the trust which it considers relevant for the purposes of its investigation. Academy trusts must provide the ESFA with written authority giving permission for any third party to provide such information and documentation to the ESFA or its agents at the ESFA's request.

Discloser and Barring Service checks: Trust must ensure that enhanced Discloser and Barring Service (DBS) certificates are obtained for all staff and supply staff. Similarly, all trustees and individual members of sub committees are required to have an enhanced criminal records certificate from the Discloser and Barring Service (DBS), which does not include a barred list check.

Trust must provide details of its governance arrangements in the governance statement published with its annual accounts, including what the board has delegated to its committees. The trust must also publish on its website up-to-date details of its governance arrangements in a readily accessible format, including:

- The structure and remit of the members, board of trustees, and its committees (the trust's scheme of delegation for governance functions).
- for each member who has served at any point over the past 12 months, their full names, date of appointment, date they stepped down (where applicable), and relevant business and pecuniary interests including governance roles in other educational institutions
- for each trustee and other committee member who has served at any point over the past 12 months, their full names, date of appointment, term of office, date they stepped down (where applicable), who appointed them, and relevant business and pecuniary interests including governance roles in other educational institutions.
- for each trustee their attendance records at board and committee meetings over the last academic year

3. Principles

The Board of Directors will manage their affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life

Selflessness - Holders of public office should take decisions solely in terms of the public interest.

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 their performance or 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 merits.

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

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

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 interests.

Leadership

Holders of public office should promote and support these principles

Powers of the secretary of state and DfE

The secretary of state can require the trust to remove a member or trustee, and make directions under section 128 of the Education and Skills Act 2008 to prohibit individuals from acting as a member, trustee, or executive leader of a trust

DfE works with Charity Commission

DfE may refer trusts to the Charity Commission where there's a concern reflecting the commission's interest in addressing non-compliance with legal or regulatory requirements or misconduct or mismanagement in the administration. The commission may use its regulatory powers as described in its Memorandum of Understanding with DFE.

4. Role and responsibilities:

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

Members

Every trust has members who have a similar role to shareholders of a company

The members are responsible for:

- Appointing, by special resolution, new members or removing existing members.
- Appointing trustees in line with the trust's Articles of Association.
- Where necessary, by special resolution, issuing direction to the trustees to take a specific action.
- Appointing the trust's auditors and receiving (but not signing) 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.
- may amend the articles of association (the articles include a definition of the trust's charitable objects and governance structure) subject to any restrictions in the articles or in the trust's funding agreement or charity law.
- have power to change the name of the company and, ultimately, wind up the academy trust

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

The trust will ensure that members are not currently subject to a section 128 direction and will not appoint anyone as a member if they are currently subject to a section 128 direction.

As responsibility to conduct the business of the trust in accordance with company and charity law sits with the trustees, members should be 'eyes on and hands off' and avoid compromising the board's discretion in exercising its responsibilities. However, if the governance of the trust by the board of trustees becomes dysfunctional the members will have a strong interest in ensuring the board has sufficient plans to address the issues.

Members must remain informed about trust business so that they can be assured that the board is exercising effective governance.

Trustees

The trustees of the academy trust are also its company directors. The Trustees (Directors) who sit on the Academy Board are the legal trustees of the charity. This confers certain obligations upon the trustees to protect the assets, property and good name of the charity.

In this document, the term trustees and directors have been used interchangeably. These are the same body of people as each other. The trustees/directors have a different status to the members of an academy trust.

All trusts should have reserved places for parents, carers or other individuals with parental responsibilities in their governance structure. Trusts should have at least two such places on the board or at least two such places on each on Academy Committee.

The board of trustees is responsible for the proper stewardship of those funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.

The trustees must also take ownership of the trust's financial sustainability and its ability to operate as a **going concern**.

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

The board of trustees will appoint a senior executive leader who may be appointed as a trustee – this will be the chief executive or equivalent. The board will also appoint a named individual as the trust's accounting officer – this will be the senior executive leader. The roles of senior executive leader and accounting officer will not rotate.

When the senior executive leader is planning to leave the trust, the board of trustees will approach the trust's Regional Director in advance to discuss the trust's structure and options, including plans for recruitment.

Board purpose

The trust is the legal entity with the board having collective accountability and responsibility for the academy trust and assuring itself that there is compliance with regulatory, contractual, and statutory requirements.

The trust board provides:

- Strategic leadership of the academy trust: the board defines the trust vision for high quality and inclusive education in line with its charitable objects. It establishes and fosters the trust's culture and sets and champions the trust strategy including determining what, if any, governance functions are delegated to the local tier.
- Accountability and assurance: the board has robust effective oversight of the operations and performance of the academy trust, including the provision of education, pupil welfare, overseeing and ensuring appropriate use of funding and effective financial performance and keeping their estate safe and well maintained.
- Engagement: the board has strategic oversight of relationships with stakeholders. The board involves parents, schools, and communities so that decision-making is supported by meaningful engagement.

Skills and experience

The board should identify the skills and experience it needs, including sufficient financial knowledge to hold the executive to account. Trust should, include in their governance statement, an assessment of their governance structure, including a review of the board's composition in terms of skills, effectiveness, leadership and impact.

DFE has shifted the focus of what good governance in trusts looks like from the 'Governance handbook' to the newly published 'Trust Quality Descriptions. Trustees should use these descriptions when evaluating their efficacy and auditing the skills of the board.

The descriptions are based on the following five pillars:

- High-quality and inclusive education
- School improvement
- Workforce
- Finance and operations
- Governance and leadership

The descriptions essentially define what trusts should deliver. Pillar one (high-quality and inclusive education) is the core of what schools and trusts are expected to provide for children and young people – it is also a starting point for considering a trust's effectiveness. Pillar two (school improvement) captures the capacity the trust has to offer. The third, fourth and fifth pillars (workforce, finance and operations, and governance and leadership) consider the resilience and sustainability of the trust's operating model.

The board of trustees is responsible for:

- Applying the highest standards of conduct and ensure robust governance, as these are critical for effective financial management and governance and taking full ownership of their duties.
- Meet at least 3 times a year.
- Approving a written scheme of delegation of financial powers.
- Managing conflicts of interests and related party transactions.
- Approving a balanced budget for the financial year.
- Ensuring decisions about executive pay follow a robust evidence-based process reflecting the individual's role and responsibilities, and that the approach to pay is transparent, proportionate and justifiable.
- Appointment of Chief Finance and Operating Officer (CFOO)
- Boards should carry out regular audits of governors' skills in the light of the skills and competences they need, and actively seek to address any gaps they identify through either recruitment or training.
- Appointing an audit and risk committee to advice on the adequacy of the trust's controls and risks.
- Submitting audited accounts to the DfE by 31 December.
- Trust also has statutory responsibilities covering safeguarding, health and safety, and estates management.
- Trust must Safeguard and promote the welfare of children

- have regard to any statutory guidance on safeguarding, issued by the Secretary of State
- ensure the suitability of staff, supply staff, volunteers, contractors, and proprietors.

When carrying out the Prevent duty, as required under section 26 of the Counter Terrorism and Security Act, trusts are required to follow the Home Office's 'Revised Prevent duty guidance: for England and Wales' and the DfE's general advice 'Protecting children from radicalisation: the prevent duty'.

- Trusts should have an understanding of the extent to which they are meeting DfE's digital and technology standards and be working towards meeting the following 6 cores. Broadband, switches, wireless network, filtering, and cyber security measures and digital leadership and governance.

Trust should follow DfE's Health & Safety: responsibilities for schools.

The trust's estate is both an asset and a mechanism to deliver outcomes for pupils. The DfE expects trusts to manage their school estate strategically and effectively and maintain their estate in a safe working condition. This includes complying with statutory duties to ensure the health and safety of building occupants.

Trusts should strengthen estate management by meeting schools estate management standards, good estate management for schools, Condition Data Collection, Reinforced autoclaved aerated concrete (RAAC) etc. Prioritise safety, accessibility, and legal compliance. Ensure maintenance plans are risk-based and strategic.

The Academy Trust has defined the responsibilities of key committees and staff involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability.

5. Finance, Personnel & Audit Committee

The board of trustees delegated functions to other sub committees such as finance & personnel committee and Audit committee.

The academy trust must establish an audit and risk committee, appointed by the board.

- Trusts with an annual revenue income over £50 million (based on their last audited accounts) must have a dedicated audit and risk committee.
- Other trusts must either have a dedicated audit and risk committee or can combine it with another committee, such as finance.

Due to an annual revenue income being less than £50 million, the trust combined Audit and risk committee with The Finance, Personnel committee, establishing a combined committee of Finance and personnel committee and Audit & risk Committee (Both committees have same members)

The main responsibilities of these Committees are set out in written terms of reference.

Terms and reference of Finance, Personnel committee

- determine the school's annual budget
- plan the school budget in accordance with the priorities in the School Improvement Plan
- operate the arrangements for obtaining quotations and inviting tenders

- submit to the Board any proposed write-offs and disposals of surplus stock and equipment
- determine matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the AC's delegated responsibilities.
- consider the findings and recommendations of internal scrutiny (internal audit) & External Audit reports and findings identified by CFOO.
- regular monitoring of actual expenditure and income against budget.
- HR matters

Terms and reference of audit & Risk committee:

The role of the Audit & risk Committee is to maintain an oversight of the Academy Trust's governance, risk management, internal scrutiny and value for money framework.

Employees of the trust should not be audit and risk committee members, but the accounting officer and chief financial officer should attend to provide information and participate in discussions.

The chair of trustees should not be chair of the audit and risk committee

The committee's duty is to focus on providing assurances to the board of trustees that risks are being adequately identified and managed by

- direct the trust's programme of internal scrutiny
- ensure that risks are being addressed appropriately through internal scrutiny
- Review the external auditor's annual planning document and approve the planned audit approach.
- Receive reports (annual reports, management letters etc) from the external auditor and other bodies, for example the DfE and NAO, and consider any issues raised, the associated management response and action plans. Where appropriate, reports deemed should be referred to the Board or other committee for information and action.
- Regularly monitor outstanding audit recommendations from whatever source and ensure any delays to implementation dates are reasonable.
- Review the Trust's fraud response plan and ensure that all allegations of fraud or irregularity are managed and investigated appropriately.
- The outcome of the work should inform the governance statement that accompanies the annual accounts and, so far as possible, provide assurance to the external auditors.
- The audit and risk committee should meet at least 3 times a year.

6. The Academy Committee (Terms of reference)

The Trustees in order to discharge their responsibilities will appoint people to serve on a committee (the "academy committee") which has been established to ensure the good governance of the Academies. The board had 3 Local Governing bodies for 3 schools. In 2019/20 all 3 LGBs merged into one Committee known as Academy Committee. Governing Board with a trust Academy Committee (AC) in the new school year 2019/20. This AC included existing local governors from each school, and acts as one body, responsible for governance of all schools and pupils across the trust.

The Academy Committee is responsible for ensuring that high standards of corporate governance are maintained. It should exercise its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the academy, addressing such matters as:

- **Strategic planning**, including target-setting to keep up momentum on school improvement;

- ensuring **sound management and administration** of the academy, and ensuring that managers are equipped with relevant skills and guidance;
- ensuring compliance with **legal requirements**;
- **monitoring performance** and the achievement of objectives, and ensuring that plans for improvement are acted upon;
- helping the academy be **responsive to the needs of parents and the community** and making it more accountable through consultation and reporting;
- setting the academy's **standards of conduct and values**;
- assessing and managing **risk**

The board of trustees decided to take the responsibility for financial and other corporate functions being carried centrally, leaving the Academy Committee free to focus on teaching and learning.

The trustees, in consultation with the academy Committee, must appoint a Head of School to the academy who will also act as an ex-officio academy committee member.

The head of school is responsible for the internal organisation, management of the academy, the implementation of all policies approved by the trust and Academy Committee and for the direction of teaching and the curriculum.

7. The Executive Team

The Executive Team consists of Chief Executive Officer (CEO) and Chief Finance and Operations Officer (CFOO)

The Chief Executive (CEO) / Accounting Officer

The board of trustees must appoint, in writing, a senior executive leader/CEO, who may be appointed as a trustee.

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

The board must also appoint, in writing, a named individual as its accounting officer. This should be the CEO. The roles of senior executive leader and accounting officer will not rotate.

As approved by the Board, the Chief executive (CEO) is also the Executive Head teacher of the schools within the trust. The trust's senior executive leader isn't ex-officio and does not have to automatically act as trustee.

The Accounting Officer role includes responsibility for specific financial matters. It includes a personal responsibility to Parliament and to DfE's accounting officer for the trust's financial resources.

- Accounting officers **must** be able to assure DfE's accounting officer, Parliament and the public, of high standards of probity in the management of public funds, particularly regularity, propriety, feasibility and value for money, including economy, efficiency and effectiveness – the 3 elements of value for money.
- Sharing the DfE's '[Letter to academy trust accounting officers](#)' letter with the members, trustees, the CFOO and other relevant stakeholders, 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 'Academy trust handbook' (ATH), and with the trust's internal procedures.
 - Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour and corporate governance.
 - The accounting officer must advise the board, in writing, if action it is considering is incompatible with the funding agreement. This includes where such action conflicts with the duties of the accounting officer, to ensure regularity, propriety, value for money and feasibility.
 - Completing and signing a statement of regularity, propriety and compliance each year and submitting this to the DfE with the audited accounts.
 - Assuring the board of trustees that the trust is compliant with the ATH 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 ATH.
 - 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 ATH but the board has continued with their actions.
- The Accounting Officer must adhere to the 7 principles of public life.
 - Prudent and economic administration

When the CEO is planning to leave the trust, the board of trustees will approach the trust's Regional Director in advance to discuss the trust's structure and options, including plans for recruitment.

The Accounting Officer has the duty to act if the board contemplating a course of action, which she considers an infringement of propriety or regularity.

The Chief Finance and Operation Officer (CFOO)

The board must appoint a chief financial officer (CFOO) to whom responsibility for the trust's detailed financial procedure is delegated. The CFOO plays both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring budgets, and ensuring the delivery of annual accounts.

The CFOO should be employed by the trust, and the trust must obtain prior DfE approval if it is proposing, in exceptional circumstances, to appoint a CFOO who will not be an employee.

The main responsibilities of CFOO are as follows:

- Acting as the principal finance and operations officer for the trust as well as the Head of Human Resources.
- Provides leadership, motivation, support, and control of staff allocated to areas of responsibility, ensuring that appropriate standards of behaviour, performance and customer care are demonstrated at all times.
- Ensuring that the trust'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 trust, rather than on any individual academy.

- Working with internal and external auditors to provide assurance to the audit and risk committee and board of trustees.
- Challenging staff to ensure that value for money is routinely obtained.
- Preparation of budget plans and monthly management accounts
- Ensuring the annual accounts are properly presented and adequately supported by the underlying books and records of the trust.
- Authorising payments in conjunction with another authorised signatory
- Ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.
- Maintenance of adequate fixed asset registers
- Maintaining CPD and undertaking relevant ongoing training.
- Oversee Human resource, administration, premises & facilities, and ICT.
- Collaborate with and assist others such as the Finance Manager, HR/Payroll Officer, ICT Manager, Facilities Manager and Admin officers in the performance of their duties.
- Proactively implement the Academy's policies and procedures.

8. The governance professional (clerk to the board)

The trust has appointed a governance professional to support the board of trustees, who is someone other than a trustee, or chief executive of the trust.

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

- An accounting officer, CEO or CFOO, including their contact information.
- A chair of trustees, including their contact information.
- A member, trustee or academy committee member.
- A head of School.
- A chair of a academy committee.
- A member of academy committee.

9. Declarations of Business Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all members, directors, governors and staff who can influence financial decisions, or spending powers, are required to declare any business interests they have in companies or individuals from whom the Trust may purchase goods or services.

The register is open to public inspections and should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a member, director, governor or a member of staff by that person. Relationships with connected parties will require high standards of accountability and transparency.

All relevant business and pecuniary interests of members, trustees, academy members (previous local governors) within the Fairchildes Academy Community Trust must be published on the trust's website.

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

The Finance, HR/payroll, premises & facilities, and ICT management of all schools within the trust are managed by central team led by the CFOO. The central team is based at Fairchildes Primary School.

10. Financial oversight

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

The board of trustees meets at least three times a year. The Finance, personnel and audit committee meets at least three times a year.

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

The board of trustees delegates financial scrutiny and oversight to the finance committee, which can support the board in maintaining the trust as a going concern.

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

Accounting system

All the financial transactions of all academies must be recorded on the Trust's accounting system.

Back-up Procedures

CFOO is responsible for ensuring that there are effective back up procedures for the system. The backup service is LGFL GridStore which is built on a product called Attix5. The backup runs nightly at 7pm and all key data is backed up locally on the server before being transferred to an online storage server within the LGfL datacentre, this is then replicated to a second datacentre sometime later. The backups are incremental and allow data to be recovered from at least the last 30 days. After 60 days the backups from days 31- 60 are rolled into the 30th day backup.

The SQL databases are backed up using the SQL plug-in which allows for the databases to be recovered independently and to an alternative location in the event of a disaster.

Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. Bank transactions should be input by the Finance Officer and the input should be checked, and signed to evidence this check, by the CFOO

Transaction Reports

CFOO will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- master file amendment reports for the payroll, purchase ledger and sales ledger;
- management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

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

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- bank balance per the nominal ledger to the bank statement.

Any unusual or long outstanding reconciling items must be brought to the attention of the Executive Head of School.

11. Financial planning

The board of trustees must:

- ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a **going concern** and financially sustainable
- take a longer term view of the trust's financial plans consistent with the requirement to submit three-year budget forecasts to ESFA

The CFOO will prepare both medium and short-term financial plans. These plans are prepared to inform the academy's strategic development planning processes for the next 3 years. The Trust's Strategic Plan identifies the development plan priorities over the medium term and the expected level of resources available.

The Academy's Annual Improvement Plan provides the framework for the annual budget. The annual budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources during the year.

12. Annual Budget

The board of trustees must approve a balanced budget, and any significant changes to it, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The Finance & Business Director is responsible for preparing and obtaining approval for the annual budget.

The trust will submit a budget forecast return (BFR) to the ESFA by the month August.

These must be approved by the trustees before submission.

The approved budget must be submitted to the ESFA in a form specified by ESFA:

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

The budgetary planning process will incorporate the following elements:

- budget forecasts for the current year and beyond are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and reflect lessons learned from previous years.
- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable.
- review of other income sources available to the academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

- to take an integrated approach to curriculum and financial planning so that they are confident about planning the best curriculum for their pupils and delivering the trust's educational priorities with the funding they have available.

Balancing the Budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance.

If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

The board of trustees must notify ESFA within 14 days of its meeting if it is proposing to set a deficit revenue budget for the current financial year, which it cannot address after unspent funds from previous years are taken into account.

Finalising the Budget

The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

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

13. Financial Management

The CFOO will monitor all Bank Accounts and Budgets monthly.

The CFOO must prepare management accounts every month setting out its financial performance and position. The management report must also be shared with the chair of trustees every month and other trustees 3 times a year.

Recommendations will be suggested regarding appropriate action to be taken to correct any significant over or under spending and plans formulated for consideration at Finance, Personnel Committee. The budget holders must operate within the same objectives and controls as those agreed for the Academy as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the CFOO who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed.

The trust must take full responsibility for its financial affairs and use resources efficiently to maximise outcomes of pupils.

Any potential overspend against the budget must in the first instance be discussed with the CFOO. The accounting system will not allow payments to be made against an overspent budget without the approval of the CEO and will be shared with the trust finance committee.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency

14. Annual accounts and external audit

The academy trust **must** maintain adequate accounting records and prepare an annual report and accounts in accordance with the Charity Commission's Statement of Recommended Practice (SORP) and DfE's Accounts Direction.

- The accounts **must** be audited.
- 4.3. The accounting period of an academy trust will end on 31 August.
- 4.4. The audited report and accounts **must** be submitted to DfE by 31 December
- published on the trust's website by 31 January
- filed with companies house by 31 May.

Internal Scrutiny

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

Internal scrutiny must focus on:

- evaluating the suitability of, and level of compliance with, financial and other controls. This includes assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed
- offering advice and insight to the board on how to address weaknesses in financial and other controls, acting as a catalyst for improvement, but without diluting management's responsibility for day to day running of the trust
- ensuring all categories of risk are being adequately identified, reported and managed.

Trust delivers internal scrutiny by a bought in internal audit service firm.

In order to minimise threats to objectivity and independence in the internal scrutiny of academy trusts, DfE considers that the term internal scrutiny should be viewed in the same way as internal audit.

The trust **must** establish a robust control framework that includes:

- ensuring delegated financial authorities are complied with
- maintaining appropriate segregation of duties
- co-ordinating the planning and budgeting process
- applying discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations
- planning and oversight of any capital projects
- management and oversight of assets
- regularity, propriety and value for money in the organisation's activities
- reducing the risk of fraud and theft
- independent checking of financial controls, systems, transactions and risks
- The trust must manage its cash position robustly. It must avoid becoming overdrawn. It may be required to report on its cash position to ESFA where there are concerns about financial management.

Internal scrutiny should take account of output from other assurance procedures to inform the programme of work. For example, it should have regard to recommendations from the trust's external auditors as described in their management letter, and from relevant reviews undertaken by DfE.

Internal scrutiny must:

- Be independent and objective, e.g. not performed by the trust's own CFOO, accounting officer or other members of the finance team.
- Be conducted by a suitably qualified and experienced individual who can draw on technical expertise as required.
- Be covered by a scheme of work, driven and agreed by the audit and risk committee, and informed by risk
- Be timely, with the programme of work spread appropriately over the year.
- Include regular updates to the audit committee by the individual or organisation carrying out the programme of work, incorporating:
 - A report of the work to each audit committee meeting, including recommendations, where appropriate, to enhance financial and other controls and risk management.
 - A short annual summary report to the audit committee for each year ended 31 August outlining the areas reviewed, key findings, recommendations and conclusion.

Risk management

Trust must manage risks to ensure its effective operation. The trust maintains a risk register which is reviewed by the board of trustees annually. The trust's management of risks include risk register and contingency and business continuity planning. Risks management covers the full operations and activities of the trust, not only financial risks.

The trust has adequate insurance cover with RPA in compliance with its legal obligations to cover to include buildings and any other contents, business continuity, employer' and public liability insurance, Cyber insurance and any other cover required.

15. Delegated Authorities The financial freedoms and limits applying to academy trusts.

Requirement to obtain DfE approval

The academy trust has autonomy over financial transactions arising in the normal course of business. However, some transactions have delegated authority limits beyond which trusts must obtain prior DfE approval regardless of the source of funds. This includes instances when part or all of the cost is covered through insurance.

Trusts must ensure they understand and comply with the schedule of delegated authorities.

Novel, contentious or repercussive transactions

Novel, contentious or repercussive transactions **must** always be referred to DfE for approval, and the request **must** be made to, and approved by, DfE before the transaction is agreed and before the transaction occurs.

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 may cause criticism of the trust by Parliament, the public or the media.

Repercussive transactions are those likely to set a precedent and cause pressure on other trusts or the broader public sector to take a similar approach and hence have wider financial implications, including where a trust's proposal could cause additional costs to arise for other parts of government.

16. Payroll

The main elements of the payroll system are:

- staff appointments.
- payroll administration and
- payments.

Staff Appointments

The board of trustees have the authority to appoint the key management personnel of the trust.

Appointment of other new staff and changes to staff pay can only be made with the combined authority of the CEO and CFOO within the allocated budget allowances for the year.

All new appointments, leavers or changes to personal details are notified to payroll on the appropriate form. Forms should be completed by the HR & Payroll Officer and signed by the Executive Team. In the case of changes to the CEO's salary, forms should be signed by the chair of the board.

Setting executive pay

The board of trustees must ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. The trustees must 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, and keeping them proportionate, is agreed by the board in advance and documented
- **independence** - decisions about executive pay and benefits reflect independent and objective scrutiny by the board and that 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 taken into account
- **proportionality** – pay and benefits represent good value for money and are defensible relative to the public sector market
- **commercial interests** - ensuring 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 ESFA, particularly in instances of poor financial management of the trust.

The trust must publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100k, as an extract from the disclosure in its financial statements for

the previous year ended 31 August. Employee's benefits including employer's pension contribution over £100,000 should be published. Benefits for this purpose include salary, Employer's pension contribution, other taxable benefits and termination payments, but not the trust's own pension costs.

The executive members will be appointed at a spot salary determined by the Trustees after taking into account the following factors;

- size of Trust;
- levels of challenge and responsibility for the role;
- value for money, including pay rates for similar roles in similar sized Trusts in Outer London;
- prior experience and evidence of previous success in a similar role;
- Understanding that inappropriate pay and benefits can be challenged by the DfE.

Salaries – this forms the largest element of expenditure. Salaries of all staff members will be reviewed on an annual basis by the CEO & CFOO, with effect from 1 September and no later than 31 October for teaching staff and 1 April and no later than May for non-teaching staff. Pay review recommendations are then given to the Finance and personnel committee discussion and authorisation. The committee confirms pay awards, incremental progression and performance-led pay increases, all of which the CFOO will cost, using known figures and estimates, when preparing the draft budget.

The Executive team is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered.

The CFOO be responsible for maintaining accurate records of all staff employed at their school in a single central record.

The Trust maintains personnel files for all members of staff, which include contracts of employment. All personnel changes must be notified to the CFOO immediately.

Personnel information is held in manual files under the guidance of the CFOO with access strictly limited to authorised officials only and separately on the ARBOR MIS system, for which relevant registration under the 1998 Data Protection Act is held.

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

All personnel files shall be stored in a lockable cabinet. Only the Executive Team, and HR/Payroll officer will have access to staff files but individuals can request to see their own files in line with data protection policies.

The CFOO is responsible for keeping the staff personnel database up-to-date via Arbor Personnel recording system.

Staff claims for overtime must be checked and signed by their line manager

Absence records are maintained by the HR / Payroll manager and monitored by CFOO.

Salary Payments and Monitoring

The academy payroll for all 3 academies are outsourced to Neo people Ltd.

All salary payments are made by BACS.

Neo submits payroll reports prior to salary payments being dispatched detailing costs and individual's payment details.

The HR/Payroll manager will ensure that the payroll provider has complete details of sickness and other absences during the month, in addition to any new appointments, contract amendments or terminations in the period.

The CFOO will undertake a sensibility check whenever possible to ensure the data does not contain major errors prior to salaries being paid.

The CFOO will undertake a reconciliation of all claims for additional hours / unpaid leave and investigate any differences between the previous month's gross salaries against the current month.

The payroll system automatically calculates the deductions due from salaries to comply with current legislation. Neo People is authorised to make BACS payments from the Academy's Bank Account by direct payment for the amounts of the deductions to the following agencies: Local Government Pension Scheme, Teachers Pensions, Prudential Teachers AVC's, Unison & GMB. The CFOO will enter the payroll data into FMS system via Journal Transfer at the earliest opportunity.

Each year the CFOO will check each member of staff's gross pay against the payroll system to the contract of employment.

All staff will receive annual statement of their salary.

Special staff severance payments

Special staff severance payments are paid to employees outside statutory or contractual requirements when leaving public employment. Trust must consider the following issues before making a binding commitment:

- that the proposed payment is in the trust's interests
- whether the payment is justified, based on legal assessment of the trust's chances of successfully defending the case at employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified, especially if the costs of a defence are likely to be high. Where a legal assessment suggests the trust is likely to be successful, a settlement should not be offered
- if the settlement is justified, the trust would need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award.

Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to succeed in an employment tribunal because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

Where the academy trust is considering a staff severance payment including a non-statutory or non-contractual element of £50,000 or more, (gross, before income tax or other deductions), DfE's prior approval **must** be obtained before making any offer to staff.

Additionally, in accordance with HM Treasury's 'Guidance on Public Sector Exit Payments', academy trusts must obtain prior DfE approval before making a special staff severance payment where:

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

17. Procurement procedure:

Trust should

- Follow DfE guidance aligned with the Procurement Act 2023.
- Ensure competitive tendering and maintain full records of decisions.
- Seek external advice for high-value contracts.

The academy trust **must** ensure: spending has been for the purpose intended and there is propriety in the use of public funds, including in relation to any actual or perceived conflicts of interest spending decisions represent value for money internal delegation levels are applied a competitive procurement procedure is in place and incorporated into the trust's financial framework, and the procurement rules and thresholds in the procurement Act 2023.

Trusts should refer to the help obtain value for money and apply relevant procurement regulations.

Trust should consider DfE opportunities when making purchasing decisions for goods and service.

Purchasing:

Fairchildes Academy Community Trust wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by Probity, Accountability and Fairness.

Budget holders will be informed of the budget available to them before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder for each term.

Routine purchases up to their budget allocation limit can be ordered by budget holders. A quote or price must always be obtained before any order is placed.

At least two written quotations should be obtained for all orders between £7,500 and £10,000 and three above £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders and the finance department for audit purposes.

PROCEDURES FOR PURCHASING

For purchasing goods and supplies, a purchase order approval process is essential for managing expenses, avoiding overspending, and keeping track of transactions.

A purchase order approval process is a set of procedures that trust uses to authorise the purchase of goods or services from suppliers. This process typically involves multiple levels of approvals, ensuring that purchases are compliant with company regulations and policies, and within budget limitations.

We are trying to create a culture to minimise the use of paper. Going paper less will save money, good for environment, save administrative time, provides more security and not having storage problem.

We will automate the process of swapping paper documents into digital version and have electronic approval effective from February 2025. No more signing paper copy for approval.

A purchase order approval process has several key components that must be taken into consideration when processing purchase order:

- **The purchase order request process:** This involves creating a purchase requisition and obtaining the necessary approvals.
- **The approval process:** This involves reviewing the purchase requisition and ensuring that it complies with company policies and regulations. Approvals are typically required from multiple levels of personnel, depending on the size and complexity of the purchase. Approval process will be conducted by email
- **The issuance of the purchase order:** Once the purchase requisition is approved, a purchase order is created and sent to the supplier.
- **The receipt of goods or services:** When the goods or services are received, they are inspected to ensure that they meet the requirements outlined in the purchase order.
- **The processing of invoices and payments:** Invoices are reviewed and processed for payment, ensuring that they match the details outlined in the purchase order.

By taking these key components into consideration, we create a purchase order approval process that is efficient, effective, and compliant with our finance policies and regulations.

Step-by-Step Guide to the Purchase Order Approval Process

A purchase order is a document that is used to request goods or services from a supplier. It is a legally binding agreement between the purchaser and the supplier that outlines the details of the transaction. The purchase order approval process ensures that the purchase order is reviewed and approved by the appropriate personnel before the transaction takes place. Let's take a closer look at the steps involved in the purchase order approval process.

Step 1: Initiating a Purchase Order Request

The purchase order approval process begins when a budget holder or department identifies a need for goods or services and initiates a purchase order request by using electronic requisition form and emailing to finance officer or by direct input in the finance portal by the budget holders who have access to it.

The request should include all necessary information such as the name and address of the supplier, the product or service required, and the estimated cost of the purchase. It is important to provide accurate and detailed information to ensure that the purchase order is processed correctly. There must be sufficient money in the relevant budget to cover the cost of the proposed purchase.

Step 2: Reviewing and Approving the Purchase Order

Once the purchase order request is created, the approval process begins. The purchase order is reviewed, and the appropriate level of authority approves the request. The level of authority required to approve the purchase order request will depend on the size and complexity of the purchase. For example, a small purchase may only require approval from a budget holder, while a large purchase over £10,000 may require approval from multiple levels of management, usually from the CFOO.

Budget holders approve their request to purchase goods and services by emailing the requisition forms straight to the school finance team to place the official order. The copy of email from the budget will be accepted as certification of approval and will be stored in the finance system for audit purpose. The budget holders who have direct access to the portal can input and approve their request direct in the portal.

Step 3: Forwarding the Approved Purchase Order to the Supplier

Once the purchase order is approved, it is emailed to the supplier.

Step 4: Receiving and Verifying Goods or Services

When the goods or services are received, the budget holder must verify that the delivery matches the purchase order and is in good condition. Any discrepancies should be reported to the supplier immediately. If there are any issues with the delivery, it is important to address them promptly to prevent delays or additional costs.

Step 5: Processing Invoices and Completing the Purchase Order

After the goods or services are received and verified, the supplier sends an invoice for payment. The invoice is checked by the budget holder against the purchase order and confirmed for accuracy. The budget holder approves the invoice for payment by emailing the finance team. Once the invoice is approved, payment is processed by the finance manager.

Once the invoices are processed for payments, they are ready for the CFOO to authorise for payments by Bacs.

Payments will only be made on invoices which relate to official orders. VAT can only be claimed on VAT invoices and on charge card purchases provided a valid VAT invoice has been obtained which identifies the school as the customer.

VAT cannot be claimed where the employee is shown as the customer.

Other than exceptional circumstances and with prior agreement from the CFOO staff cannot order or purchase items without a requisition form or official order.

Internet Purchases

It is expected that Internet Purchases where use of trust business card is required will be an exception to the norm. When making a request for such Internet order, requisitions are required as per '*ordering goods and services*' procedures above.

The requisition for internet orders will be authorised, only by the CFOO.

Reimbursements to individuals

For reimbursement of cash transactions:

- Requests for re-imbusement to individuals are to be made on the Request for Reimbursement Form and **MUST** be supported by receipts for the goods/services received.
- **Reimbursement may be refused if the CFOO considers maverick purchasing methods have been used, or the budget holder has already spent their full allocation and did not seek prior approval to exceed the funds available.**

In conclusion, the purchase order approval process is an important part of the procurement process. It ensures that purchases are reviewed and approved by the appropriate personnel, that goods or services are received and verified, and that payments are made accurately and on time. By following these steps, trust can ensure that their procurement process is efficient and effective.

Reimbursements to individuals

For reimbursement of cash transactions:

- Requests for re-imbusement to individuals are to be made on the Request for Reimbursement Form and MUST be supported by receipts for the goods/services received.
- Reimbursement may be refused if the CFOO considers maverick purchasing methods have been used, or the budget holder has already spent their full allocation and did not seek prior approval to exceed the funds available.

18. Value for money (VFM) Procedures

All orders for goods and services are subject to the following rules concerning quotes and tenders below:

Orders under £7,500 - can be ordered by budget holders, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:

- supplier chosen from the list of approved suppliers maintained by the Senior Finance Office
- bulk purchasing of common consumables
- negotiating discounts
- taking advantage of sale seasons
- obtaining alternative quotations wherever possible

Orders over £7,500 but less than £15,000

At least two, where possible three written quotes should be obtained for all orders to identify the best source of the goods and services. These should be recorded on or attached to the requisition form.

Orders over £15,000 but less than £50,000 - all goods/services ordered with a value over £35,000, or for a series of contracts that in total exceed £50,000, must be subject to three written quotations and must be referred to the Executive Team for formal approval.

Orders over £50,000 - £172,514

A minimum of three formal quotations to be obtained in writing by a specified date and time based on a written specification and must be referred to the Executive Team for formal approval. Formal tenders may be requested if it is felt appropriate.

Orders over £172,514- E U Threshold

Goods or services ordered with a value over £172,514 or for a series of contracts in which the total exceeds £172,514 must be subject to formal tendering procedures as detailed below. All paperwork relating to the tender must be kept in the CFOO's office.

Orders over E U Threshold Purchases over the EU Thresholds are by law subject to EU Public Procurement Directives for the advertising and Award of Contracts.

19. Forms of Tender

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

Open Tender:

This is where potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance & Business Director how best to advertise for suppliers. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tenders:

This is where suppliers are specifically invited to tender and are appropriate where:

- There is a need to maintain a balance between the contract value and administrative costs,
- A large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy requirements,
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender:

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

- The above methods have resulted in either no or unacceptable tenders,
- Only one or very few suppliers are available,
- Extreme urgency exists,
- Additional deliveries by existing supplier are justified

Preparing for Tender

Full consideration should be given to:

- Object of project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract
- It will be necessary to rank all the requirements and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

An invitation to tender should include the following:

- Introduction/background
- Scope and objectives of the project
- Technical requirements
- Implementation of the project
- Terms and conditions of the tender
- Form of response

Aspects to consider

Financial

Comparison of like with like cost and if a lower price means a reduced service or lower quality this should be borne in mind when reaching a decision.

Hidden costs – care should be taken to ensure tender price is the total price.

Is there scope for negotiation?

Technical

- Qualifications of contractor
- Experience
- Descriptions of technical and service facilities
- Compliance to CDM
- Certificates
- Quality control procedures
- Details of previous sales and references

Other considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier

Tender Acceptance Procedures

The tender invitation will state the time and date by which the completed tender document should be received by the academy. Tender submissions should be received in plain envelopes clearly stating they contain tender documents they must be

- Date stamped and marked with the time of receipt
- Store, unopened, in a secure place prior to tender opening
- Tenders received after the deadline should not normally be accepted

Tender Opening Procedures

All tenders should be opened at the same time and tender details should be recorded and signed. Two persons should be present at the opening of the tenders this would normally be the Finance & Business Director and the Head Teacher, in some circumstances this could be delegated to an agent who has been employed by the Academy to undertake the tendering process i.e. a firm of architects:

Tender Evaluation Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, which may influence their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved must take care not to accept gifts or hospitality from potential suppliers that could be seen to compromise their independence. The accepted tender should be one that is economically most advantageous unless it can be demonstrated that this is not the best option for the Academy and other factors outweigh any monetary savings.

18.Income

The main source of income for the Academy are the Grants from the DfE and the Local Authority. The receipt of these funds are monitored by the CFOO who is responsible for ensuring all grants due to the Academy are collected.

Income collected by the Academy

The Academy collects income from parents or the public for:

- School Meals
- Trips and residential visits
- Book bags
- Breakfast & After School Club
- Lettings

- Reimbursements from various parties for activities in which the academy plays an active role.

Trips

When planning any excursion, the consent of the Head of School must be obtained before, any commitment is made to pupils, parents or third parties.

Lettings

All lettings of school equipment and facilities must be at the rates currently prepared and approved by the Executive Team and formally approved by the Board. Free use and charges below economic cost are not permitted.

The Site Manager is responsible for maintaining records of bookings facilities and for identifying the sums due from each organisation. Payments must be made in advance for these facilities whenever possible. The Site Manager will be responsible for chasing outstanding debts. No debts will be written off without the express approval of the board.

19. Bad debts, Write-offs, and liabilities

Bad debts are only written off when the school has followed all possible procedures to ensure their recovery. The school keeps a record of any bad debts written off.

The academy trust must obtain DfE's prior approval for the following transactions beyond the delegated limits described below:

- writing-off debts and losses;
- entering into guarantees or letters of comfort; and
- entering into indemnities which are not in the normal course of business.

The delegated limits, are:

- 1% of annual income or £45,000 individually; or
- 2.5% or 5% of annual income cumulatively (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous two financial years.

20. Cash Management

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

The CFOO will prepare cash flow forecasts to ensure that the trust has sufficient funds available to cover day-to-day operations.

Business cards linked to a trust bank account are issued to personnel under the scheme of delegation to pay for goods and services when the normal ordering processes are not possible. The procurement of goods and services using business cards will be kept to a minimum and monitored by the trust's CFOO. Payment via business card requires the authorisation of the CFOO.

The Trust has appointed Lloyds bank as their bankers for all funds. The opening of all bank accounts must be authorised by the Trust who must set out in the Scheme of Delegation the arrangements covering the operation of accounts. This should include any transfers between accounts, cheque-signing arrangements and the operation of systems such as BACS which must also be subject to the same level of control.

Bank Reconciliations

The CFOO must ensure bank statements are received regularly and that reconciliations are performed monthly by the finance manager. CFOO will check the reconciliation. Reconciliation procedures will ensure:

- All Bank Accounts are reconciled to accounting system.
- Adjustments are dealt with promptly.

Cash Flow Forecasts

The CFOO is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile GAG to cover potential cash shortages.

Investments

Investments must be made only in accordance with written procedures approved by the board.

21. Financial Controls

The school's accounting system is computerised. It is the school's policy that all staff involved with financial administration receives training and is familiar with the operation of the computer.

Only authorised staff are permitted access to the accounting records which are securely retained when not in use.

Alterations to any original documents such as, invoices, orders and other vouchers are made clearly in ink. The use of correcting fluid or the erasure of information is not acceptable.

All accounting records including invoices, delivery notes, bank statements etc. are retained in hard copy or electronic copy for six years, plus the current year, in a secure area.

All financial transactions are traceable from original documentation to accounting records, and Vice versa.

The CFOO ensures that all expenditure from sources of earmarked funds is accounted for separately and that the funding is used for its intended purpose.

22. Tax

The CFOO is responsible for ensuring that all relevant finance and administrative staff are aware of VAT, Income Tax, and Construction Industry Scheme regulations.

The school will only make payments to building contractors and subcontractors in accordance with the Construction Industry Scheme.

23. VAT 126 Claims

Under legislation VAT claims can be made on expenditure supporting the Academy's core business purposes according to the simplified arrangement as detailed in the VAT Information issued in June 2011.

Claims will be made to the HMRC on form 126 by the CFOO monthly following full reconciliation of all accounts.

The Trust is not registered for VAT at present, this is kept under ongoing review with the Trust's External Auditors.

24.Fixed assets

Asset register

All items purchased (except computer) with a value over the academy's capitalisation (£5,000) limit must be entered in an asset register. All computer with a value over computer capitalisation value of £1,000 must be entered in the asset fixed asset register. Repairs and replacement of parts of an existing fixed asset (for example parts of a boiler) will not be entered into the fixed asset. Repair and maintenance of premises, buildings, playground, drainage and pipe works etc are not subject to capitalisation.

The asset register should include the following information:

- asset description
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location

The Asset Register helps:

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

25.Depreciation of Assets

All assets recorded in the asset database will have depreciation calculated using the straight-line method and be calculated based on the following values:

Asset type	Depreciation period
ICT	3 Years
ICT Software	3 to 5 years
Lease of Land & Building	125 Years
Addition to Buildings	20 to 50 years
Furniture	7 to 10Years
Plant & Machinery	10 Years
Vehicles	10 years

26.Loan of Assets

With the exception of ICT assets specifically intended for the purposes, e.g. laptops, property must not be removed from Academy premises without the prior authorisation of the CFOO. A record of the loan must be recorded in a loan register and booked back into the Academy when it is returned.

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

27.Acquisition and disposal of fixed assets

Trust must seek and obtain prior written approval from DfE for the following transactions:

- Acquiring a freehold of land or buildings
- Disposing of a freehold of land, building and heritage assets.

Other than land, building and heritage assets, trusts can dispose of any other fixed assets without the approval of Dfe.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the CFOO and, where significant, should be approved by the board of trustees and sold following competitive tender.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.

Leased Assets

Staff need to be aware that there are two types of leases. These are finance lease, which are a form of borrowing and operating lease which are not borrowing.

Academy trusts do not need to make a specific request for consent to DfE for operating lease, except for land and building leases.

The Secretary of State for Education has granted prior consent for the types of leased assets listed to allow academy trusts to continue taking out finance leases without additional administrative burdens. These new arrangements have been in place since 1 September 2024.

Trust must obtain DfE's prior approval for the following finance lease

- taking up a leasehold or tenancy agreement on land or buildings from another rparty for a term of 7 or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party
- taking up a finance lease on any asset not on the DfE approved list

28. Whistleblowing and investigation of fraud and irregularity

The personal responsibilities of accounting officer responsibilities extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the members of the trust are also responsible for preventing such losses of public funds, and this means that members, trustees must be aware of the risk of fraud and irregularity to occur within

their organisation and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls.

The MAT is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The Fraud Policy outlines the procedures to be adopted in such an event. All instances of fraud or theft committed against the Trust, whether by employees, trustees or third parties, above £5,000 must be reported by the Trust to the DfE. Any unusual or systematic fraud, regardless of value, must also be reported.

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. Reports of fraud will be treated in a fair and unbiased manner.

If the report of fraud is against a member of the SLT, the member of staff can go directly to the chair of trustees.

The SLT of the relevant academy within the trust 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.

The trust'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.

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

The trust's Whistleblowing Policy is published on the trust's website.

The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy either as the result of a formal notification from the Trust itself or as the result of other information received.

29. Transactions with 'related parties'

Related parties include persons and entities with control or significant influence over the academy trust, and members of the same group (for example, parent and subsidiary companies, key management personnel and close family members).

Trustees comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements.

No members, trustees, local governors, employee or related individual or organisation uses their connection to the personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust.

There are no payments to any trustees by the trust unless permitted by the articles or by authority from the Charity Commission and comply with any relevant agreement with the Secretary of State. Trusts will need to consider these obligations where payments made to other business entities who employ the trustees, are owned by the trustee, or in which the trustee holds a controlling interest.

The trust must keep sufficient records, and make sufficient disclosures in their annual accounts, to show that the transactions with these parties, and all other related parties, have been conducted in accordance with the high standards of accountability and transparency required in public sector.

Reporting of related party transactions to DfE

- The trust must report all transactions with related parties that take place **on or after 1 April 2019** to the DfE in advance of the transaction taking place
- Trust must gain prior approval from the DfE using DfE's on-line-form, for contracts for the supply of goods or services to the trust by a related party **agreed on or after 1 April 2019** where any of the following limits arise:
 - A contract or other agreement exceeding £40,000
 - A contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £40,000 in the same financial year ending 31 August.
- The above transactions with related parties don't include salaries or other payments made by the trust to a person under a contract of employment through the trust's payroll.

'At cost' requirements

The trust will not pay more than 'cost' for goods or services ('services' do not include contracts of employment) provided by the following:

- Any member or trustee of the trust
- 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

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

'At cost' requirements do not apply to the trust's employees unless they are employed by one of the parties outlined in this section. 'At cost' requirements apply to contracts for goods and services from a related party agreed on or after 7 November 2013. 'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes 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.

If any of the parties outlined in this section 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.

'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.

30. Cyber-crime

The trust is aware of the risk of cyber-crime and will implement its Data and Cyber-security Breach Prevention and Management Plan across the trust.

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

The trust will obtain permission from the ESFA to pay any cyber-ransom demands and understands that the ESFA supports the National Crime Agency's recommendation not to encourage, endorse or condone the payment of ransom demands. Trust has RPA in place which includes Cyber insurance.

Trusts must not pay any cyber ransom demands. DfE supports the National Crime Agency's recommendation not to encourage, endorse, or condone the payment of ransom demands. Payment of ransoms has no guarantee of restoring access or services and is likely to result in repeated incidents.

DfE will work with trusts to identify, at an early stage, any financial issues that might affect the trust. It sets out the support available to trusts and, where there are concerns, the types of action DfE will take.

31. Notice to Improve

Where DfE/ESFA has concerns about financial management and/or governance in an academy trust, the department may issue, and publish, a Notice to Improve (Ntl).

Examples of when a Ntl might be issued on financial management grounds include:

- an actual or projected deficit
- cash flow problems
- insolvency risk
- irregular use of public funds
- poor internal scrutiny
- breaches of related party requirements.

Examples of when a Ntl might be issued on governance grounds include:

- the trust board not being properly constituted
- trustees failing to comply with their safeguarding duties
- trustees lacking the skills, knowledge and experience to exercise effective oversight of the trust's operations and performance, including educational performance¹.
- Estate management

The trust **must** comply with the Ntl. Failure to comply will be deemed a funding agreement breach. The funding agreement may be terminated due to non-compliance with a Ntl. If a Ntl is issued, the delegated authorities may be revoked, and all transactions of this nature **must** be approved in advance by DfE, 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
- carry forward of unspent GAG from one year to the next beyond any limit in the funding agreement.
- pooling of GAG.

The trust may also be prevented from entering into transactions with related parties without approval. These delegated authorities shall be returned once the Ntl has been complied with, and improvement is sustainable.

The department will notify the trust of the date on which the department has published the Ntl.

The trust **must** then publish the Ntl on its own website within 14 days and retain it on the website until the Ntl is lifted by the department.

The department may recover funds where there is evidence of irregularity or fraud.

Appendix A. SCHEME OF FINANCIAL DELEGATION

The following limits will be applied to all academies in the MAT

Virements with budget Share

The CEO and CFOO are authorised to vary the annual budget which has been approved by the Board. This variation shall be the result of any change in the day-to-day spending plans of the school, but still be in accordance with the aims and objectives of the school, as laid down in the School Improvement Plan. This variation is known as a 'Virement. Limitation to certification are up to £100,000 for Executive Team. 'Virement within Budget Share' in excess £100,000, should be recommended to the Finance Committee by the CFOO and actioned after approval of the 'Virement within Budget Share' by the Finance Committee.

Orders

Budget holders are authorised to approve orders within their budget limits under £10000. Over £10000 in conjunction with the CFOO or CEO.

The sum of up to £50,000 is the amount authorised by signature by CFOO or CEO on any single order.

Any sum over £50,000 on any single order in all schools will be authorised by the CEO in conjunction with the CFOO.

The CEO and the CFOO can authorise orders and payments for all 3 schools within the trust

Invoices

Invoices will be certified for payment by the relevant cost center budget holders and then passed to the finance office for recording and payment through accounting system. CFOO will officially authorise for payment through the accounting system.

Any bank account in which any money of the Company in so far as it relates to the Academy is deposited shall be operated in the name of the Company.