Finance and Authority Levels Policy

Review Details and Document History:

Next review due:	November 26 (review annually)	
Committee responsible	Finance	
Document location:	Website:	
	Governor hub:	Y
	I: Management/ Policies:	Y

V	Reason for Doc	Date	Key changes	Author
Previous versions kept in archive				
12.0	Mid term review	May 22	Amendment to reserves policy	TJ
13.0	Updated to new AFH	Oct 22	Requirement to set balanced in year budget, F&R committee 6 times/ yr	TJ
14.0	Updated to new AFH	Jan 2024	Updated to new ACF format. More detail on role of Board of trustees relevant to safeguarding & H&S, more detail on related parties, delegated authorities, the regulator & intervention, definitions. Small increase in authorisation limits.	TJ
15.0	Updated to new AFH	Dec 2024	Add information on employee EV salary sacrifice schemes, additional information on cybercrime, NtI and operating leases	Tj
16.0	Update to new AFH	Jan 26	Add gifting policy (section 2.21) and meeting DfE digital and technology standards by 2030	TJ

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The purpose of this policy is to ensure that the Academy maintains and develops systems of financial control, which conform with the requirements of both propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Funding Agreement with the Department for Education and is in line with the Academies Financial Handbook.

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Member of the NW24 Teaching Learning Partnership

This document incorporates the following policies:

- Reserves
- Fixed Assets & Capitalisation
- Investment
- Tendering
- Scheme of Delegation and Authorisation Limits

This policy will be implemented in accordance with the School Charter which sets out our character and convictions as a Church of England School.

PART 1 – ROLES & RESPONSIBILITIES

Academies perform an important role in advancing education, promoting pupil welfare and keeping Trusts' estates safe and well-maintained. Trustees and management must have the skills, knowledge and experience to run the academy Trust.

1.1 Board of Members:

1.1.1 The Members of the Academy Trust have wide responsibilities under statute, regulations and the funding agreement. Principally, they are responsible for ensuring that the Academy's funds are used only in accordance with the law, its articles of association, its funding agreement and the financial handbook. The Members have wide discretion over use of the Academy's funds, which they must discharge reasonably and in a way that commands broad public support. They are 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. Academy Members are detailed in the Articles of Association, they are not necessarily Trustees (Governors) of the School.

1.1.2 Academies are companies limited by guarantee and exempt charities. The Members are subject to the duties and responsibilities of charitable Trusts and company directors as well as any other conditions that the Secretary of State agrees with them.

1.1.3 The Academy must have at least three Members at any one time but ideally has five or more.

1.1.4 The Academy ensures that it's Members are not currently subject to a direction made under section 128 of the Education and Skills Act 2008, which prohibits individuals from taking part in academy Trust management, and that it does not appoint as a member, a person who is currently subject to a section 128 direction.

1.1.5 Members are not employees of the Academy Trust, and do not occupy staff establishment roles on an unpaid voluntary basis.

1.1.6 The majority of Members are not also Trustees. The exception to this is the Chair of Governors.

1.1.7 The Members are kept informed by Trustees about the Academy business so they can be assured that the Board is exercising effective governance and use their powers to step in if governance is failing. The Members are provided with the Trust's audited annual report and accounts.

1.2 Full Governing Body – Trustees

1.2.1 The Trustees of the Academy are both charity Trustees and company directors.

1.2.2 The make-up of the Full Governing Board of Trustees (Foundation, Community, Local Authority, Parental and Staff representation) is published within the Academy Articles of Association.

1.2.3 The Academy has at least 2 Trustee places reserved for parents, carers or other individuals with parental responsibilities; the Academy holds elections to fill these places, as appropriate.

1.2.4 The senior executive leader (Headteacher) can be a Trustee if the Members decide to appoint them as such and the senior executive agrees. The only other Academy employees who can serve as Trustees are those appointed by the Academy staff to represent them as Staff Trustee.

1.2.5 Trustees can delegate specific functions to others. Each committee must contain a majority of Trustees, but may also include other relevant persons that the Board chooses to appoint (Associate Trustees).

1.2.6 The Board will identify the skills and experience it needs, including sufficient financial knowledge to hold the executive to account.

1.3 Purpose of the Full Governing Body

1.3.1 The Academy is the legal entity with the Board having collective accountability and responsibility for the Academy and assuring itself that there is compliance with regulatory, contractual, and statutory requirements.

The Academy 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.
- 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 the 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.

1.3.1 The Trustees apply the highest standards of conduct and ensure robust governance, as these are critical for effective financial management. The Trustees comply with the Trust's charitable objects, with company and charity law, and with their contractual obligations under the funding agreement.

1.3.2 The Trustees ensure regularity and propriety in use of the Trust's funds, and achieve economy, efficiency and effectiveness – the three elements of value for money. The Trustees also take ownership of the Trust's financial sustainability and its ability to operate as a going concern.

1.3.3 Trusts' responsibilities include such matters as safeguarding, health and safety and estates management. Ensuring strong governance in these areas will be a key priority for the Board.

1.4 Safeguarding

1.4.1 It is the Academy Trust's duty to:

- 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

1.4.2 When carrying out the Prevent duty, as required under section 26 of the Counter Terrorism and Security Act, the Academy Trust will follow the Home Office's 'Revised Prevent duty guidance: for England and Wales' and the DfE's general advice.

1.4.3 The Academy Trust understands the DfE's digital and technology standards and is working towards meeting the following 6 core standards by 2030:

- Broadband internet
- Network switching
- Wireless network
- Cyber security
- Filtering and monitoring
- Digital leadership and governance

1.5 Health and safety

1.5.1 The main legislation covering this area is the Health and Safety at Work etc. Act 1974 and its regulations. Under the Act the Academy Trust, as an employer, is responsible for the health and safety of its staff, pupils, and any visitors.

1.5.2 The Academy Trust follows the department's 'Health and Safety: responsibilities and duties for schools' as well as 'Health and Safety Executive (HSE) guidance for Education'.

1.5.3 The Academy Trust manages asbestos in the estate effectively, compliant with the Control of Asbestos Regulations 2012.

1.6 Estates management

1.6.1 The Academy Trust's estate is both an asset and a mechanism to deliver outcomes for pupils. In line with the DfE expectation, the Academy Trust manages its school estate strategically and effectively and maintains it in a safe working condition. This includes complying with statutory duties to ensure the health and safety of building occupants.

1.7 Chair of Trustees

1.7.1 The Chair is responsible for ensuring the effective functioning of the Board and has a vital role in setting the highest expectations for professional standards of governance and accountability for the Board.

1.8 The Accounting Officer

1.8.1 As a single Academy Trust, the Board of Trustees appoints, in writing, the Headteacher who is also the senior executive leader and the Academy Accounting Officer. If they agree to do so, the Headteacher will also be appointed as an Academy Trustee.

1.8.2 The Accounting Officer role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament and to the ESFA's Accounting Officer for the Trust's financial resources.

1.8.3 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.

1.8.4 Accounting Officers must adhere to the 7 principles of public life – Selflessness, Integrity, Objectivity, Accountability, Openness, Honest and Leadership.

1.8.5 The Accounting Officer takes responsibility for the recruitment of staff.

1.8.6 The Accounting Officer has oversight of financial transactions, by:

- ensuring the Academy Trust's property and assets are under the Trustees' control and measures exist to prevent losses or misuse
- ensuring bank accounts, financial systems and financial records are operated by more than one person
- keeping full and accurate accounting records to support their annual accounts
- operating the scheme of delegation

1.8.7 The Accounting Officer completes and signs a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts. The Accounting Officer also demonstrates how the Trust has secured value for money via the governance statement in the audited accounts.

1.8.8 The Accounting Officer takes personal responsibility (not delegated) for assuring the Board that there is compliance with the funding agreement and handbook.

1.8.9 The Accounting Officer advises the Board in writing, if action it is considering is incompatible with the articles, funding agreement or handbook. This includes where such action conflicts with the duties of the accounting officer, to ensure regularity, propriety, value for money and feasibility.

1.8.10 The Accounting Officer will advise the Board in writing, if the Board fails to act where required by the funding agreement or handbook. Where the Board is minded to proceed, despite the Accounting Officer's advice, the Accounting Officer must consider the Board's reasons and if the Accounting Officer still considers the action proposed by the Board is in breach of the articles, the funding agreement or handbook, the Accounting Officer must notify ESFA's accounting officer immediately in writing.

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1.9 The chief financial officer

1.9.1 The Board appoint a chief financial officer (School Business Manager) to whom responsibility for the Trust's detailed financial procedures is delegated. The School Business Manager should play both a technical and leadership role.

1.9.2 The School Business Manager and their finance staff must be appropriately qualified and/or experienced. The Trust assesses whether the School Business Manager, and others holding key financial posts, should have a business or accountancy qualification and hold Membership of a relevant professional body, dependent on the risk, scale and complexity of financial operations.

1.9.3 The School Business Manager and other key financial staff maintain continuing professional development and/or personal development and undertake relevant ongoing training.

1.9.4 The main responsibilities of the School Business Manager in relation to financial management are:

- The day to day management of financial issues and the management of academy's financial position
- Co-ordination of the planning and budgeting process
- Apply discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations
- Planning and oversight of any capital projects and general management of assets;
- The maintenance of effective systems of internal control
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- Preparation of monthly management accounts
- Ensuring regularity, propriety and value for money in the academy's activities
- Ensuring independent checking of financial controls, systems, transactions and risks
- Ensuring forms and returns are sent to the DfE in line with their reporting deadlines.

1.10 The governance professional (clerk to the Board)

1.10.1 The Academy Trust appoints a governance professional to support the Board of Trustees, who is someone other than a Trustee, principal or chief executive of the Trust.

1.11 All staff

1.11.1 All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and conformity with the requirements of the Academy's financial procedures.

1.12 Transparency in governance

1.12.1 The Trust will provide details of its governance arrangements in the governance statement published with its annual accounts, including what the Board has delegated to committees.

1.12.2 The Trust will publish on its website up-to-date details of its governance arrangements in a readily accessible format, including:

- the structure and remit of the Trust's Members, Board of Trustees, and committees and the full names of the chair of each.

- for each of the Trust's Members serving at any point over the past 12 months, their full names, date of appointment, date they stepped down (where applicable) and relevant business and financial interests including governance roles in other educational institutions
- for each Trustee serving 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 financial interests, including governance roles in other educational institutions, for each Trustee, their attendance records at Board and committee meetings over the last academic year

1.12.3 The Trust will make available on request for public inspection:

- the agenda for every meeting of the Trustees and committees
- the approved minutes of each meeting
- any report, document or other paper considered at each meeting.

1.12.4 The Trust may exclude from any item any material relating to:

- a named teacher or other employee or proposed employee
- a named pupil or student at the academy, or candidate for admission or referral to it
- any matter which, by reason of its nature, the Trustees are satisfied should remain confidential.

1.13 Disclosure and Barring Service checks

1.13.1 The Academy Trust will obtain enhanced DBS certificates for staff and supply staff as set out in the Independent School Standards and their funding agreements. Academy Trust Members and Trustees will also have an enhanced DBS certificate, which does not include a barred list check (unless they also engage in regulated activity).

PART 2 - FINANCIAL REQUIREMENTS

2.1 Financial oversight

2.1.1 Trustees and management will maintain robust oversight of the Academy Trust.

2.1.2 The Trust will take full responsibility for its financial affairs, stewardship of assets and use resources efficiently to maximise outcomes for pupils.

2.2 Board meetings

2.2.1 Board meetings must take place at least three times a year, although the Academy Trusts plans 6 meetings a year to ensure regular discharging of their duties.

2.2.2 Scheme of delegation: The Board cannot delegate overall responsibility for the Academy Trust's funds. However, it must approve a written scheme of delegation of financial powers that maintains robust internal controls – see **Appendix A**. The scheme of delegation is reviewed annually, and at the next available Board meeting when there has been a change in Trust management or organisational structure that would impact the effectiveness of any existing scheme of delegation.

2.2.3 The Academy Trust has a Finance & Resources Committee to which the Board delegates financial scrutiny and oversight, and which supports the Board in maintaining the Trust as a going concern.

2.3 Basic control principles

2.3.1 The Academy Trust has sound internal control, risk management and assurance processes, comprising:

- clearly communicated procedures, structures and training of staff
- appropriate day to day supervision and checks by management
- internal scrutiny overseen by an audit and risk committee (incorporated in F&R committee)
- external audit and assurance.

2.3.2 The control framework:

- ensures delegated financial authorities are complied with
- maintains appropriate segregation of duties
- co-ordinates the planning and budgeting process
- applies discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations
- plans and oversees capital projects including those relating to estates safety
- manages and oversees assets, and maintains a fixed asset register
- ensures regularity, propriety and value for money in the organisation's activities
- ensures a risk register is maintained and reviewed by the Board drawing on advice provided to it by the audit and risk committee
- reduces the risk of fraud and theft
- delivers independent checking of controls, systems, transactions and risks.

2.4 Financial planning

2.4.1 The Board of Trustees:

- ensures that financial plans are prepared and monitored, satisfying itself that the Trust remains a going concern and financially sustainable
- takes a longer-term view of the Trust's financial plans consistent with the requirement to submit three-year budget forecasts to ESFA
- sets a policy for holding reserves and explain it in its annual report.

2.5 Setting a budget

2.5.1 The Board of Trustees, and the Finance & Resources Committee ensures rigour and scrutiny in budget management.

2.5.2 The Board of Trustees annually approves and minutes their approval of 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.

2.5.3 The Board ensures 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.

2.5.4 The Board challenges pupil number estimates as these underpin revenue projections, and reviews these termly.

2.6 Sending the budget to the ESFA

2.6.1 The Academy Trust will submit to the ESFA, in a form specified by ESFA, an annual Academies budget forecast return (BFR) by the end of August in accordance with deadlines published annually.

2.6.2 This will be approved by the Trustees before submission.

2.6.3 The Board of Trustees will notify the ESFA within 14 calendar days of its meeting, if proposing to set a deficit revenue budget for the current financial year, which it cannot address after taking into account unspent funds from previous years, as this would be non-compliant with the funding agreement and this handbook.

2.7 Monitoring the budget

2.7.1 The Trust (delegated to the School Business Manager) prepares management accounts, including an income and expenditure account, variation to budget report, cash flows and balance sheet every month setting out its financial performance and position.

2.7.2 Management accounts are shared with the chair of the Finance & Resources Committee every month and the Board considers these when it meets and be assured that it has appropriate oversight of the Trust's financial position.

2.7.3 The Board ensures appropriate and timely action is being taken to maintain financial viability, including addressing variances between the budget and actual income and expenditure. The Board delegates day to day management of the budget to the Accounting Officer who delegates this to School Business Manager.

2.7.4 Delegated budgets for class or subject will be provided with sufficient information to enable budget holders to perform adequate monitoring and control. Budget holders are accountable to the School Business Manager who is responsible for ensuring mechanisms exist to enable delegated budgets to be monitored and managed.

2.8 Cash management

2.8.1 The Trust manages its cash position robustly and avoids becoming overdrawn on any bank accounts so that it does borrowing restrictions are not breached.

2.9 Investments

2.9.1 The Board of Trustees may invest to further the Trust's charitable aims, but must ensure investment risk is properly managed. Investments must be made only in accordance with this policy as approved by the governing body.

2.9.2 The Board of Trustees have determined that up to £100K of reserves can be held within a 3-month deposit account. No other form of investment of funds can be made without Finance & Resources Committee approval.

2.10 Reserves

2.10.1 The Board of Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

2.10.2 There is no limit to amounts the academy can carry forward

2.10.3 The policy of the Board of Trustees is to maintain a level of free reserves that will be adequate to provide a stable base for the continuing operation of the Academy whilst ensuring that excessive funds are not accumulated. The trust is mindful of the need to ensure that existing pupils are not disadvantaged through the retention of excessive reserves and expect the school to monitor budgets carefully within overall expenditure limits. The general fund reserve is regarded as a free reserve to be used for general purposes as the Trust sees fit.

2.10.4 The Board of Trustees have determined that the ideal level of free reserves to aim for equates to one month's operational costs (circa £150K).

2.10.5 The Academy's reserve policy takes into account the risk of fluctuations in grant income and spending needs. In-year reserves are set to cover costs and other commitments, to fund changes in the curriculum and to meet unexpected emergencies such as urgent maintenance.

2.11 Procurement and spending decisions

2.11.1 The Academy Trust must be able to show that public funds have been used as intended by Parliament.

2.11.2 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 Public Contracts Regulations 2015 and Find a Tender service are observed
- professional advice is obtained where appropriate.

2.12 Setting executive pay

2.12.1 The Board of Trustees ensures 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. No individual can be involved in deciding their remuneration.

2.12.2 The Board discharges its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:

- independent scrutiny by the board
- robust decision-making that demonstrates justifiable pay
- proportionality – that pay and benefits represent good value for money and are defensible relative to the public sector market
- documented decision-making with rationale and approval by the board
- 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

2.13 Publication of executive pay

2.13.1 The Trust publishes on its website in a separate readily accessible form the number of employees whose benefits exceeded £100k, in £10k bandings, for the previous year ended 31 August. Benefits for this purpose include salary, employers' pension contributions, other taxable benefits and termination payments. If the Academy Trust were to enter into an off-payroll arrangement with someone who is not an employee the amount paid by the Trust for that person's work for the Trust would also be included in the website disclosure where payment exceeds £100k as if they were an employee.

2.14 Tax arrangements for senior employees

2.14.1 The Academy Trust ensures its senior employees' payroll arrangements fully meet their tax obligations and comply with HM Treasury's guidance about the employment arrangements of individuals on the avoidance of tax. This is described in HM Treasury's Review of the Tax Arrangements of Public Sector Appointees, which explains that senior managers with significant financial responsibilities should be exclusively on payroll, and therefore subject to Pay As You Earn with income tax and NI contributions deducted at source. Failure to comply with these requirements can result in a HM Treasury fine.

2.15 2.15 Electric Vehicle (EV) Salary Sacrifice Schemes

2.15.1 Academy trusts must approach ESFA to seek approval for the following transactions:

- entering into a new electric vehicle salary sacrifice scheme
- accepting any further employees onto an existing electric vehicle salary sacrifice scheme.

2.15.2 The ESFA must be contacted early in the planning stage, both in relation to new schemes and accepting further employees onto existing schemes.

2.16 Purchase of alcohol

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

2.17 Income generation

2.17.1 The Academy Trust sets fees for its chargeable services at full cost, but can apply an additional rate of return when in a commercial environment.

2.18 Risk management

2.18.1 The Trust manages risks to ensure its effective operation and maintains a risk register:

- Overall responsibility for risk management, including ultimate oversight of the risk register, is retained by the Board of Trustees, drawing on advice provided to it by the audit and risk committee (run within the Finance and Resources Committee)
- Other committees input into the management of risk at the discretion of the Board
- A minimum of 3 immediately relevant risks are considered termly, and a review of all risks is conducted annually.
- Risks management covers the full operations and activities of the Trust, not only financial risks.

2.18.2 The Trust's management of risks includes contingency and business continuity planning.

2.18.3 The Academy Trust is a member of the academies risk protection arrangement (RPA).

2.18.4 The Trust will cooperate with risk management auditors and risk managers, and implement reasonable risk management audit recommendations made to them.

2.19 Whistleblowing

2.19.1 The Trustees have an agreed procedure and policy for whistleblowing, which is published on the Trust's website, to protect staff who report individuals they believe are doing something wrong or illegal.

2.19.2 The Trust appoints one Trustee (Chair of Trustees) and one member of staff (Headteacher), who other staff can contact to report concerns.

2.19.3 The Trust ensures all staff are aware of the whistleblowing process at induction and how concerns will be managed.

2.19.4 The Trust ensures that all concerns raised with them by whistleblowers are responded to properly and fairly.

2.20 Provision of information

2.20.1 The Academy Trust will provide the ESFA, or its agents, with information the ESFA requires to meet funding requirements.

2.20.2 The Trust will notify the DfE of changes to the governance information, described in this section within 14 calendar days of the change and update their website and Companies House accordingly. Notification will be through the governance section of DfE's Get information about schools (GIAS) register, accessed via DfE Sign-in. All mandatory fields specified in GIAS for the individuals will be completed and the Trust will ensure its record in GIAS for the individuals is kept up to date. The records required in GIAS for the Trust are: Members, chair of Trustees, all other Trustees, accounting officer, chief financial officer including direct contact details for all.

2.21 Gifting Policy

2.21.1 Christ Church School is committed to upholding the Nolan Principles, the seven principles of public life that apply to anyone who works as a public-office holder. These are: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. Representatives of the Trust are expected to maintain high standards of propriety and professionalism in all their dealings, ensuring they are free from any conflict of interest through their business in the name of the Trust.

The Gifting Policy seeks to protect the reputation of the Trust and its representatives from suspicion of dishonesty, accusations of bribery or corruption and ensure that they are free from any conflict of interest with respect to the acceptance or provision of gifts, hospitality, or any other inducement from any suppliers of goods or services to the Trust.

All representatives must take extreme care that none of their dealings, directly or indirectly, could be deemed as a reward or benefit, in line with the Bribery Act 2010.

2.21.2 Gifts are considered any items of cash/ cash equivalent, awards, prizes, goods or services, offered without expectation of payment or benefit.

2.21.3 Hospitality is defined as food, drink, accommodation or entertainment offered free of charge to members of staff or trustees while carrying out extended duties on behalf of school.

<u>Gifts received by staff or trustees from external parties:</u>

2.21.4 Members, trustees and staff:

- Must not give or accept gifts or hospitality to or from a third party where it might be perceived that their personal integrity has the potential to be compromised, or that the trust might be placed under any obligation as a result of acceptance
- Must not accept cash
- Must not use their official position to further their private interests or the interests of others
- Must not solicit gifts or hospitality
- Must not accept any gift or hospitality that contravenes the law
- Must record any gifts or hospitality offered to them or the trust with an individual value of over £50 on the annual declaration of interests, gifts and hospitality register
- Must consult the Headteacher or School Business Manager before accepting or offering any gifts or hospitality with an individual value of more than £150. Collective pot gifts (vouchers or other) up to this value, up to 2 times a year are deemed acceptable, above this level is considered lavish and will only be deemed acceptable in exceptional circumstances.

2.21.5 The Headteacher will act with the utmost integrity on all matters relating to gifts and hospitality, ensuring that they set a good example to the rest of the Trust and to those outside the organisation.

2.21.6 The School Business Manager will ensure that:

- The trust maintains a gifts and hospitality register of all gifts over £50

- Figures for transactions relating to gifts made by the trust are disclosed in the trust's audited accounts, in accordance with the Academy Trust Handbook
- The academy trustees and Headteacher are provided with information on gifts and hospitality received and given, as appropriate

2.21.7 Acceptable gifting:

- A gift or hospitality offered under the value of £50 can be accepted providing it complies with this policy and does not fall into the unacceptable gifts list in section 2.21.3.
- These do not have to be preapproved or recorded on the gifts and hospitality register.
- Generally, gifts of nominal value, such as small tokens of appreciation, may be accepted.
- Similarly, hospitality such as working lunches may be accepted to maintain good relationships with key contacts, provided the hospitality is reasonable in the circumstances.
- Gifts from pupils generally fall under the £50 limit can be accepted, provided they do not fall into the unacceptable gifts list in section 2.21.3. A collective gift (such as a voucher or other physical gift) from a class not an individual pupil over £50, would be deemed acceptable up to a total amount of £150, up to 2 times a year. Above this level is considered lavish and would only be acceptable in exceptional circumstances and with the approval of the Headteacher or School Business Manager.

2.21.8 Declining gifts and hospitality

- Any Representative of the Trust who is offered any of the unacceptable gifts or hospitality outlined in the section above that are over the £50 value, should politely decline the offer and complete a form for inclusion on the gifts and hospitality register.
- If they feel it would not be appropriate for them to decline, they should refer the matter to the Headteacher or School Business Manager who may decline the offer or donate the gift or hospitality to a worthy cause. The item must also be recorded on the gifts and hospitality register.

<u>Gifts and Hospitality given to staff, members or trustees by the Trust:</u>

2.21.9 The Trust considers that there are circumstances where it is appropriate and in the interest of the Trust to give Hospitality when fulfilling extended duties on behalf of the Trust – for example Governor meetings, interviews for new staff, parents' evenings.

2.21.10 The Trust considers that there are circumstances where it is appropriate and in the interest of the Trust to give Gifts for particular personal events – for example:

- Celebration of birth or marriage
- Sympathy for death or serious illness/ injury
- Gratitude for exceptional effort on behalf of an individual for the purpose of supporting the school

2.21.11 Reasonable expenditure on these items is considered to be:

- Hospitality – no more than £25 per head per event
- Flowers/ or a gifted item such as a book or painting – no more than £50 per event per person and no more than 2 of these within any one year for any one member of staff/ member/ trustee.
- A register of gifts given during the course of the year should be held by the School Business Manager and declared for the annual financial audit.

2.21.12 The following are considered inappropriate gifts from the school to staff, members or trustees:

- Cash or cash equivalent (eg vouchers) gifts
- Gifts or hospitality offered to family, partners or close friends of members, trustees or staff
- Lavish or extravagant gifts or hospitality
- Alcoholic gifts

PART 3 – INCOME, EXPENDITURE & ASSETS

3.1 INCOME

3.1.1 Income streams include Government funding (ESFA and Local Authority), Lettings, Donations (fund raising, voluntary contributions), 3rd party contractors (catering, music, residential camps), Consultancy, other income generation such as Energy. The School Business Manager takes responsibility for day to day budgeting and monitoring of income streams.

3.1.2 Authorisation limits - Limits of Authority for expenditure, debt management and transactions are outlined in the Academy's Scheme of Delegation, which is reviewed each year. For detail of the authorisation limits see Appendix A.

3.1.3 Voluntary contributions from parents/carers for enrichment activity – trips/ workshops/ additional classroom resources. Voluntary contributions will be calculated and requested annually through the Academy's online payment system at the beginning of the academic year. The budget for trips/ workshops/ additional classroom resources will then be delegated to class teachers under the supervision of the School Business Manager.

3.1.4 Money collected on behalf of 3rd party service providers – request for payment will be through the Academy's online payment system. The School Business Manager and office team will maintain records of up to date payments made by students showing the amount paid and the amount outstanding. Debts will be chased termly. Any overpayment on behalf of 3rd party service providers will be returned to students via the Academy's online payment system at the end of the academic year.

3.1.5 Lettings - The policy for lettings of premises is contained in a separate document. The Policy and charges will be reviewed annually and approved by the Finance & Resources Committee. The School Business Manager and office team are responsible for maintaining records of bookings facilities, identifying the sums due for each organisation and chasing outstanding debts. Payments must be made in advance for these facilities.

3.1.6 Debt - If payment has not been received 30 days after invoice a reminder will be sent asking for payment within 7 days. If payment is not forthcoming, a further reminder will be sent. If the debt is over £101, a threat will be issued to put the matter into the hands of the nominated Solicitor if payment is not received within the next 7 days. If payment is still not forthcoming, for debts over £501, the nominated Solicitor will be asked to pursue the debt and the debtor will be notified accordingly.

3.2 EXPENDITURE

3.2.1 Accounting Package: All financial transactions must be recorded on the Accounting Package. Access rights within the Academy's accounting package are defined for each user with a unique ID and password. There must be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records must be stored for 7 years in accordance

with the Companies Act. Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use. Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified. The finance system must be protected by robust back up procedures; the system should be backed up daily and should be stored off site by the Academy's ICT provider.

3.2.2 Transaction Processing - Transactions through the Accounting Package and to the Bank Account will have dual authorisation (School Business Manager and Financial officer, or approved delegates). The School Business Manager will ensure monthly reconciliations in respect of the Sales; purchase, payroll, suspense and nominal ledgers.

3.2.3 Purchasing - The Academy will aim to achieve best value for money for all its purchases ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable. The Headteacher is responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services by following the general principles of: Probity, Accountability, Fairness. To ensure segregation of duties, one individual transaction is split into different areas of responsibility

- Authorisation of purchase
- Placing of Order
- Authorisation of Order on system
- Goods Received
- Payment of Invoice
- Authorisation of BACS transfer
- At no time should any individual place and authorise the same order

3.2.4 Orders for goods and services - Staff requests for resources will be raised through a paper request form to the School Business Manager, or through a paper claim form (to amounts within pre agreed budgets). This will be signed off and passed to the Finance Officer for placement of the order online. Paper copies of orders will be kept on file in conjunction with invoices and receipts of goods.

3.2.5 Payment of Accounts - Invoices will be paid when the goods or services have been received and are of the quality expected. Any discrepancies must be notified to the School Business Manager or Finance Officer for appropriate action to be taken. All cheques and cash are to be stored in the safe and the keys held within a locked cabinet.

3.2.6 Cash Purchases - Payments of petty cash will not be made without receipts and signed authorisation from the relevant Budget Holder. VAT receipts will be obtained for purchases where appropriate and VAT reclaimed.

3.2.7 Monitoring of Payroll - the Academy Trust will approve a personnel establishment for the Academy. The Headteacher has the authority to appoint staff within the Academy and the School Business Manager will maintain personnel files for all members of staff, which include contracts of employment. All Payroll transactions relating to Academy staff permanent or casual will be processed through the payroll system. All personnel files shall be stored in a lockable cabinet. Only the Head Teacher and School Business Manager will have access to staff files but individuals can request to see their own files in line with data protection policies. The School Business

Manager is responsible for keeping the staff personnel database up-to-date via the personnel recording system.

3.2.8 Monitoring of the salaries budgets – the School Business Manager will undertake a monthly reconciliation between current months and previous months gross salary advising the Headteacher of variance. The School Business Manager will randomly check the calculation of gross and net pay each month to ensure that the budget is being charged correctly. At least twice a year the School Business Manager will check each member of staff gross pay against the payroll system to the contract of employment.

3.3 ASSETS

3.3.1 Bank Accounts - The opening of all bank accounts must be authorised by the Board of Trustees who must set out in the Scheme of Delegation the arrangements covering the operation of accounts. All cheques and other instruments authorising withdrawal from the Academy bank account must bear signatures in line with the scheme of delegation. The School Business Manager will ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliations will be prepared by the Finance Officer and subject to independent monthly review carried out by the School Business Manager.

3.3.2 Investments - The Board of Trustees may invest to further their Academy's charitable aims, but must ensure that investment risk is properly managed. The Board of Trustees have determined that up to £100K of reserves can be held within a 3 month deposit account. No other form of investment of funds can be made without Finance & Resources Committee approval.

3.3.3 Fixed Assets - All items purchased with a value above the capitalisation limit must be entered in an asset register. The asset register should include information on the asset, date of acquisition, cost, source of funding, expected useful economic life, depreciation and current book value. Fixed assets over £1000 should be capitalised on initial acquisition and included in the balance sheet at cost or valuation. Capital assets will be depreciated at monthly intervals on a straight line basis.

Depreciation Rates have been set at:

- Buildings – 125 years
- Fixtures and fittings and equipment - 5 years;
- IT - 3 years

3.3.4 Disposals - Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher. Any item surplus to requirements which has a saleable value may be sold by the most appropriate means. Where items are to be sold, it is important that the best price for the item is achieved, and where significant, should be sold through competitive tender. See the scheme of delegation for disposal authorisation limits. The disposal of an item of equipment must be recorded in the school's inventory together with the date of disposal, and the amount of sales proceeds if appropriate.

PART 4 – INTERNAL SCRUTINY

The programme of internal scrutiny provides independent assurance to the Board that its financial and non-financial controls, and risk management procedures are operating effectively.

4.1 Approach

4.1.1 Internal scrutiny focuses on:

- evaluating the suitability of, and level of compliance with, financial and non- financial controls
- offering advice and insight to the Board on how to address weaknesses in financial and non-financial controls
- ensuring all categories of risk are being adequately identified, reported and managed.

4.1.2 The Trust identifies on a risk-basis (with reference to its risk register) the areas it will review each year.

4.2 Directing internal scrutiny – the audit and risk committee

4.2.1 The Academy Trust holds an audit and risk committee, appointed by the board and held within the Finance & Resources Committee which meets 6 times a year (minimum 3 times).

4.2.2 The audit and risk committee:

- oversees and approves the Trust's programme of internal scrutiny
- ensures that risks are being addressed appropriately
- reports to the Board on the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks.

4.2.3 Employees of the Trust are not audit and risk committee members, but the accounting officer (Headteacher) and chief financial officer (School Business Manager) attend to provide information and participate in discussions.

4.2.4 The committee operates via:

- written terms of reference
- agrees a programme of work annually to deliver internal scrutiny that provides coverage across the year, agree who will perform the work and consider their reports and the Trust's progress in addressing recommendations
- reviews the ratings and responses on the risk register to inform the programme of work
- has access to the external auditor, as well as their internal scrutineers.

4.3 Delivering internal scrutiny

4.3.1 Independence in internal scrutiny is achieved by employing an external independent accountant to perform the role of the Internal Assurance Officer (IA) to review controls and procedures 3 times annually and report to the Finance & Resources Committee, which in turn provides assurance to the Trustees.

4.3.2 An annual summary report is presented to the audit and risk committee for each year ended 31 August outlining the areas reviewed, key findings, recommendations and conclusions, to help the committee consider actions and assess year on year progress.

4.3.3 Whilst the audit and risk committee is responsible for overseeing the internal scrutiny, the findings are made available to all Trustees promptly.

4.3.4 The Trust keeps its approach to internal scrutiny under review. If it changes in size, complexity or risk profile, it considers whether its approach remains suitable.

4.3.5 The Trust confirms in its governance statement, accompanying its annual accounts, which of the internal scrutiny options it has applied and why. The outcome of the work informs the accounting officer's statement of regularity in the annual accounts.

4.3.6 The Trust submits its internal scrutiny summary report to the ESFA by 31 December each year when it submits its audited annual accounts. The Trust will also provide the ESFA with any other internal scrutiny reports, if requested.

PART 5 – ANNUAL ACCOUNTS & EXTERNAL AUDIT

Reporting of finances to give assurance to Parliament and the public about the use of resources.

5.1 Preparation and audit of accounts

5.1.1 The Academy Trust maintains accounting records and prepares an annual report and accounts in line with the Charity Commission's Statement of Recommended Practice (SORP) and ESFA's Accounts Direction.

5.1.2 The accounts are audited by a qualified external independent accountant.

5.1.3 The accounting period will end on 31 August and the audited report and accounts are:

- submitted to the ESFA by 31 December
- published on the Trust's website by 31 January
- filed with by 31 May
- provided to every member and to anyone who requests a copy.

5.2 External auditors

5.2.1 The Academy Trust Members appoint an auditor to give an opinion on whether the annual accounts present a true and fair view of the Trust's financial performance and position and, as reporting accountant, provide a regularity assurance conclusion. The external audit contract is retendered at least every five years.

5.2.2 The audit contract and regularity engagement will be in writing and will not cover other services. Additional services purchased are covered in a separate letter of engagement specifying the work and the fee.

5.2.3 The letter of engagement will allow for removal of auditors, before the expiry of the term of office, in exceptional circumstances. Proposals to remove auditors require a majority vote of the Members, who must provide reasons for their decision to the Board. The letter of engagement for the auditors allows for the auditors to provide the Trust with an explanation within 14 calendar days if the they resign.

5.2.4 The Board of Trustees will notify the ESFA immediately of the removal or resignation of the auditors. For removal, the Trust would notify the ESFA of the reasons, copying to ESFA any statement received from the auditor on this matter. For resignation, the Trust would copy to the ESFA an explanation from the auditors (a change in auditor at the expiry of their agreed term of office does not require notification to the ESFA).

5.3 Review of regularity

5.3.1 The Accounting Officer's statement on regularity, propriety and compliance is included in the Academy Trust's annual accounts. This is a declaration by the Accounting Officer that they have met their responsibilities to Parliament for the resources under their control during the year.

5.3.2 A review of the Accounting Officer's statement is included within the remit of academy Trusts' external auditors. The auditor's conclusions on regularity will be addressed jointly to the Trust and the ESFA.

5.4 External audit oversight and findings – the audit and risk committee

5.4.1 The Board of Trustees, taking advice from the audit and risk committee, will ensure there is an appropriate, reasonable and timely response by the Trust's management team to findings by external auditors, taking opportunities to strengthen systems of financial management and control.

5.4.2 The audit and risk committee will:

- review the external auditor's plan each year
- review the annual report and accounts
- review the auditor's findings and actions taken by the Trust's managers in response to those findings
- assess the effectiveness and resources of the external auditor to provide a basis for decisions by the Trust's Members about the auditor's reappointment or dismissal or retendering. Considerations may include:
    - the auditor's sector expertise
    - their understanding of the Trust and its activities
    - whether the audit process allows issues to be raised on a timely basis at the appropriate level
    - the quality of auditor comments and recommendations in relation to key areas
    - the personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the Trust's managers
    - the auditor's use of technology
- report the committee's conclusions annually to the Board of Trustees and Members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.

PART 6 – DELEGATED AUTHORITIES

The financial freedoms and limits applying to Academy Trusts.

6.1 Requirement to obtain ESFA approval

6.1.1 The Academy Trust has autonomy over financial transactions arising in the normal course of business. However, some transactions have delegated authority limits beyond which the Trust will obtain prior ESFA approval, regardless of the source of funds.

6.1.2 The Academy Trust will disclose aggregate figures for transactions of any amount, and separate disclosure for individual transactions above £5,000, in its audited accounts for the following transactions (these will be anonymised):

- special payments – compensation
- special payments – ex gratia
- writing off debts and losses
- guarantees, letters of comfort and indemnities
- acquisition or disposal of freehold land and buildings
- disposal of heritage assets
- taking up or granting a leasehold on land and buildings
- gifts by the Trust

6.1.3 The following transactions will be disclosed in total, and individually (these will be anonymised):

- special payments – staff severance, of any value

6.2 Novel, contentious and repercussive transactions

6.2.1 Novel, contentious and/or repercussive transactions will be referred to the ESFA for approval, and the request must be made to ESFA before the transaction occurs.

6.2.2 Novel transactions - those of which the academy Trust has no experience, or are outside its range of normal business

6.2.3 Contentious transactions - those that might cause criticism of the Trust by Parliament, the public or the media

6.2.4 Repercussive transactions - those likely to cause pressure on other Trusts to take a similar approach and hence have wider financial implications.

6.3 Special payments

6.3.1 If the Academy Trust is considering a staff severance payment above statutory or contractual entitlements, it will 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.

6.3.2 Staff severance payments will 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.

6.3.3 Where the academy Trust is considering a staff severance payment, including a non-statutory/non-contractual element of £50,000 or more, (gross, before income tax or other deductions), the ESFA's prior approval will be sought before making any offer to staff.

6.3.4 The Academy Trust will ensure confidentiality clauses associated with staff severance payments do not prevent an individual's right to make disclosures in the public interest (whistleblowing) under the Public Interest Disclosure Act 1998.

6.4 Compensation payments

6.4.1 If the Academy Trust is considering a compensation payment, it will base its decision on a careful appraisal, including legal advice where relevant, and ensure value for money.

6.4.2 Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, the ESFA's prior approval will be sought.

6.5 Ex gratia payments

6.5.1 Ex gratia transactions will always be referred to the ESFA for prior approval.

6.6 Write-offs and entering into liabilities

6.6.1 The Academy Trust will obtain the ESFA'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.

6.6.2 The delegated limits, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction

6.6.3 In relation to these limits:

- the Trust will always pursue recovery of amounts owed to it, including overpayments, or erroneous payments. In practice, however, there will be practical and legal limits to how cases should be handled.
- the Trust will only consider writing-off losses after careful appraisal, including whether all reasonable recovery action has been taken with the debtor, the Trust's insurers, or the risk protection arrangement, and should be satisfied there is no feasible alternative

- the amounts for write-offs are before successful claims from an insurer or the risk protection arrangement
- total annual income is defined as grant income as disclosed in the Trust's last audited accounts.

6.6.4 Before accepting liabilities by issuing guarantees, a letter of comfort or indemnity, the Trust will secure value for money by appraising the proposal through assessment of the costs and benefits of relevant options.

6.7 Acquisition and disposal of fixed assets

6.7.1 The Academy Trust will obtain prior approval from the ESFA for the following transactions:

- acquiring a freehold of land or buildings
- disposing of a freehold of land or buildings
- disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

6.7.2 Other than land, buildings and heritage assets, the Trust can dispose of other fixed assets without the ESFA's approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

6.8 Leasing

6.8.1 There are two types of lease:

- finance leases: these are a form of borrowing
- operating leases: these are not borrowing.

6.8.2 The Academy Trust will obtain the ESFA's prior approval for the following leasing transactions:

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

6.8.3 Other than these, trusts do not require ESFA's approval for operating leases.

6.8.4 The Academy Trust will ensure that any lease maintains the principles of value for money, regularity and propriety. The Trust will seek advice from their professional adviser and/or external auditor if they are in doubt over whether a lease involves borrowing.

6.9 Gifts

6.10.1 The Academy Trust has a policy and register on the acceptance of gifts, hospitality, awards, prizes or other benefits that might compromise their judgment or integrity and should ensure all staff are aware of it. When making gifts, the Trust ensures the value is reasonable, is within its scheme of delegation, the decision is documented, and achieves propriety and regularity in the use of public funds.

6.10 Borrowing

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

6.11 Related party transactions

6.11.1 Related parties include persons and entities with control or significant influence over the academy Trust, and Members of the same group (e.g. parent and subsidiary companies, key management personnel and close family Members).

6.11.2 The Academy Trust will be even-handed in its relationships with related parties by ensuring that:

- Trustees comply with their statutory duties as company directors to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements
- all Members, Trustees, and senior employees complete the register of interests
- no Member, Trustee, employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust
- there are no payments to 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.
- the Charity Commission's approval is obtained where the Trust believes a significant advantage exists in paying a Trustee for acting as a Trustee

6.11.3 The Board of Trustees will ensure requirements for managing related party transactions are applied across the Trust. The Board Chair and the Accounting Officer will ensure their capacity to control and influence does not conflict with these requirements. They will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with The 7 principles of public life.

6.11.4 The Academy Trust recognises that some relationships with related parties may attract greater public scrutiny, such as:

- transactions with individuals in a position of control and influence, including the Board Chair and Accounting Officer
- payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
- relationships with external auditors beyond their duty to deliver a statutory audit.

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

6.11.6 The Trust will report all contracts and other agreements with related parties to the ESFA in advance of the contract or agreement commencing or being renewed, using the ESFA's related party on-line form.

6.11.7 The Academy Trust will obtain the ESFA's prior approval, using the ESFA's related party on-line

form, for contracts and other agreements for the supply of goods or services to the Trust by a related party agreed on or after 1 September 2023 where a contract or other agreement exceeds £40,000 in the same financial year ending 31 August.

6.11.8 The Academy Trust's register of interests will capture relevant business and financial interests of Members, Trustees, local governors and senior employees, including:

- directorships, partnerships and employments with businesses
- Trusteeships and governorships at other educational institutions and charities
- for each interest: the name and nature of the business, the nature of the interest and the date the interest began.

6.11.9 The register will identify relevant interests from close family relationships between the Academy Trust's Members, Trustees or employees. It must also identify relevant interests arising from close family relationships between those individuals and employees.

6.11.10 The Academy Trust will publish on its website relevant business and financial interests of Members, Trustees, and the Accounting Officers.

6.11.11 The Academy Trust will pay no more than 'cost' for goods or services provided to it by the following persons:

- Members or Trustees of the Academy Trust
- individuals or organisations related to a member or Trustee of the academy Trust:
- a relative of the member or Trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
- an individual or organisation carrying on business in partnership with the member, Trustee or a relative of the member or Trustee
- a company in which a member or the relative of a member (taken separately or together), and/or a Trustee or the relative of a Trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
- an organisation controlled by a member or the relative of a member (acting separately or together), and/or a Trustee or the relative of a Trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation can 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 academy Trust; or any body connected to such individual or organisation
- any individual or organisation recognised by the Secretary of State as a sponsor of the academy Trust; or any body connected to such individual or organisation.

6.11.12 Academy Trusts must ensure any agreement with an individual or organisation referred to in section 5.49 to supply goods or services to the Trust is properly procured through an open and fair process and is:

- supported by a statement of assurance from that individual or organisation to the Trust confirming their charges do not exceed the cost of the goods or services, and

- on the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.
- For these purposes the cost will be the ‘full cost’ of all the resources used in supplying the goods or services and must not include any profit. Full cost includes:
- all direct costs (costs of materials and labour used directly in producing the goods or services)
- indirect costs (a proportionate share of fixed and variable overheads).

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PART 7 – THE REGULATOR & INTERVENTION

7.1 Access rights

7.1.1 In the event that the DfE, ESFA or its agents need to carry out audits and investigations, the Academy Trust will provide the DfE and/or ESFA with access to all relevant books, records, information, explanations, assets, premises and staff, and the DfE/ESFA may take copies of relevant documents.

7.1.2 Where the DfE/ESFA has concerns about financial management and/or governance and needs to obtain from third parties information or documentation about the Academy Trust which the DfE/ESFA considers relevant for the purposes of its investigation, the Academy Trust will provide the DfE/ESFA with written authority, giving permission for any third party to provide such information and documentation to the DfE/ESFA or its agents on request of the DfE/ESFA.

7.1.3 The Academy Trust will retain records to verify provision delivered by it, or its sub- contractors, in relation to this handbook and its funding agreement, at least six years after the period to which funding relates.

7.2 Financial management and governance assurance

7.2.1 The Academy Trust will complete the School resource management self-assessment checklist and submit their completed checklist to ESFA by the specified annual deadline.

7.3 Fraud, theft, irregularity and cybercrime

7.3.1 The Academy Trusts will take appropriate action where fraud, theft or irregularity is suspected or identified.

7.3.2 The board of trustees will notify the ESFA, as soon as possible, of all instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year. Unusual or systematic fraud, regardless of value, must also be reported. The following information is be provided:

- full details of the event(s) with dates
- the financial value of the loss
- measures taken to prevent recurrence
- whether it was referred to the police (and if not why)
- whether insurance or the RPA have offset any loss.

7.3.3 The Academy Trusts is aware of the risk of cybercrime, has proportionate controls and will take appropriate action where a cyber security incident has occurred. The Trust will take appropriate action to meet the DfE's cyber security standards

7.3.4 The Academy Trusts would obtain permission from the ESFA to pay any cyber ransom demands. The ESFA 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 repeat incidents.

7.4 Intervention powers

7.4.1 Where the DfE/ESFA has concerns about financial management and/or governance, the Academy Trust recognises that the department may issue, and publish, a Notice to Improve (NtI), and will

abide by the conditions of this.

7.4.2 Examples of when a NtI may 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.

7.4.3 Examples of when a NtI may be issued on governance grounds include:

- the trust board not being properly constituted
- trustees failing to comply with their safeguarding duties

7.5 Secretary of State directions

7.5.1 Where the Secretary of State has concerns about an individual managing the Academy Trust, it is recognised that they may take action to address those concerns, which could include the removal of a Member or Trustee.

7.6 ESFA work with the Charity Commission

7.6.1 Where the ESFA has concerns about misconduct or mismanagement in the administration of any charity, and in ensuring individuals running the charity (in particular, but not limited to, the trustees) do so in compliance with their legal duties. The Commission may use its regulatory powers as described in its Memorandum of Understanding with DfE.

7.7 ESFA work with the Insolvency Service

7.7.1 The Academy Trust recognises that the ESFA may refer academy trustees, as directors, to the Insolvency Service who may consider whether the conduct of a director is such that they are unfit to be involved in management of a company and whether or not it would be in the public interest for a disqualification order to be sought.

7.8 ESFA approach to academy resource management

7.8.1 Where the ESFA has concerns about financial management of the Academy Trust, it is recognised that the ESFA may prescribe working with an expert in school resource management, such as a School Resource Management Advisor (SRMA).

7.9 National Audit Office and Public Accounts Committee

7.9.1 The Academy Trust recognises that the NAO has the right to access the accounts and relevant records of the Trust for inspection, or for value for money studies. The Academy Trust will cooperate with NAO and their contractors and provide help, information and explanation as is reasonable and necessary.

7.9.2 The NAO's findings are considered by the Public Accounts Committee (PAC). The PAC has power to call anyone, including past and current accounting officers of a trust, to account for proper use of public funds.

PART 8 – DEFINITIONS

Accounting officer	The academy trust's senior executive leader, accountable for value for money, regularity and propriety.
Accounts Direction	ESFA's guide for academies on preparing their annual accounts.
Accounts return	A return based on academy trusts' annual accounts, required for the sector annual report and accounts, and for collecting benchmarking data.
Articles of association	The articles describe the trust's charitable object(s) and governance arrangements.
Chief executive	The senior executive leader and head of the management team of a trust with multiple academies. Trusts may use alternative descriptions such as executive principal.
Chief financial officer	The individual leading the finance department: e.g. finance director, business manager or equivalent.
De facto trustee	A person not validly appointed as a trustee but exercising the functions that could only be properly discharged by a trustee. See also shadow directors.
Economy	Obtaining an outcome for the least possible input of resources.
Effectiveness	Obtaining the desired outcome.
Efficiency	Obtaining the best possible outcome for the resources input.
Financial management and governance self-assessment (FMGS)	A return to ESFA by new academies and trusts, where they self-assess their financial management arrangements.
Funding agreement	The agreement between the academy trust and the Secretary of State, including funding arrangements, obligations and termination provisions.
General annual grant	Academy trusts' main revenue funding.
Propriety	Dealing with expenditure and receipts in accordance with Parliament's intentions and the principles of parliamentary control. This covers standards of conduct, behaviour and corporate governance.

Regularity	Dealing with income and expenditure in accordance with legislation, the funding agreement, the handbook, and the trust's internal procedures. This includes spending public money for the purposes intended by Parliament.
Related party	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). This description is not comprehensive. A full definition is in section 33 of Financial Reporting Standard 102 and section 9.15 and appendix 1 of the Charities SORP. The related parties section of ESFA's Accounts Direction provides further information.
Risk protection arrangement	An alternative to insurance for academy trusts where losses are covered by government funds.
Shadow director	A person in accordance with whose directions or instructions the directors of a company are accustomed to act. See also de facto trustee.
Special payments	Payments outside the normal range of activities approved by Parliament and therefore requiring greater control, including ex gratia payments, staff severance payments, compensation payments and other extra-statutory or extra-contractual payments.
Value for money	Achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of resources, the avoidance of waste and extravagance, and prudent and economical administration.

APPENDIX A – SCHEME OF DELEGATION/ AUTHORISATION LIMITS

Authority limits are shown below. Where individual items exceed these limits, Full Governing Body approval is required.

1.1. *Authorising order for goods and services and authorising payments*

	Spend within budget line with SDP	Spend outside budget and SDP
Position		
Head Teacher	10000	5000
School Business Manager	8000	3000
Deputy Head	5000	1000

Only the above people can authorise the ordering of any goods or services.

Any cheque requires two signatures from the above

1.2. *Certificate of travel/Subsistence Claims*

Position	Limit/Restriction
Head Teacher	300
School Business Manager	150
Deputy Head	100

1.3. *Authorisation to certify Payroll input documents*

The Head Teacher must authorise any new appointments, change of any terms of a current employee contract and any overtime / additional hours worked. These changes will then be input by the Finance Officer, with the transactions being authorised by the School Business Manager on the next payroll run.

1.4. *Authorisation to write-off bad debts*

Position	Limit/ Restriction
Finance & Resources Committee	1% of total annual income per single transaction. Cumulatively 2.5% of total annual income per financial year per category of transaction. Anything above this amount needs authorising by the FGB.

1.5. *Completion of VAT returns*

Position	Limit/ Restriction in one batch
Finance Officer	£25,000
School Business Manager	£25,000

1.6. *Authorisation of VAT returns*

Position	Limit/ Restriction
School Business Manager	£25,000
	Completion and authorisation of VAT returns must be done by separate individuals – if the VAT return is completed by the SBM, the Head Teacher must authorise.

1.7. *Authorisation to make changes between cost centres*

Position	Limit
Finance & Resources	25000
Head Teacher	10000
SBM	5000
Deputy Head	2,500

1.8. *Authorisation of petty cash/expenses vouchers*

Position	Limit/ Restriction old limit
Finance & Resources	£1000
Head Teacher	300
School Business Manager	250
Finance Officer	50

Nobody can authorise their own.

1.9. *Capital Spend*

Position	Limit/ Restriction
Finance & Resources	50,000
Head Teacher	10000

Capital spend above £50k to go to FGB

All items with a purchase price of more than £1000 (the Capitalisation Limit) must be recorded on the asset register.

1.10. *Disposals*

Position	Limit/Restriction
Head Teacher	10000
School Business Manager	5000
Finance & Resources	20000

The Academy must seek approval in writing from the DfE if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid

1.11. *Fraud or Theft*

All instances above £5000 should be reported to the ESFA

1.12. *Value for Money – Quotes & Tendering*

For "Low Value" quotes and tenders, the following limits will apply unless the purchase forms part of an existing contract.

Spend	Quotes required	Telephone Quotes OK?	Evaluation
0 - £10,000	1	Y	School Business Manager and Head Teacher
£10,000 - £25,000	2	Y	School Business Manager and Head Teacher
£25,000 - £75,000	3	N	Finance & Resources Committee

For goods and services above the Tendering Limit of £75,000 the full tender process should be followed