



Finance Policy

Author	C Bowyer	Source	New Policy
Approved By	FARR Committee	Status	Committee
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Details of Policy Updates

Date	Details
March 2022	'Academies Financial Handbook' changed to 'Academy Trust Handbook' throughout
	1.3 Added 'An appropriate level of staff training on the systems of internal control is included in the induction of all new staff and periodic reminders are circulated throughout the year.' 'Head of School' changed to 'Headteacher'
	3.1 'four times a year' changed to 'five times a year'

	5.1 Added 'Training and support will be provided to all users to ensure proficiency'
	6.5 Deleted 'When cash is being taken from petty cash, another member of staff should be present to authorise the amount taken.' Added 'Reimbursement of petty cash expenditure will be made via BACS.'
	6.7 'two credit cards' changed to 'three credit cards'
	6.5 '£500' changed to '250'
	6.6 Insert section on payments and withdrawals
	9.9 Updated to include reference to the Check Employment Status for Tax (CEST) tool
	7 Insert section on Capital Projects
	8 Inset section on Investments
	14 '£250' changed to '£1000' Section updated to expand on management of fixed asset register
	16 Insert section on Gifts and Hospitality
	17 Insert section on Fraud
	18 Insert section on Cyber Crime
May 2023	3.1 'five times a year' changed to 'six times a year'
	6.12 Insert section on Arbor payment portal
	6.13 Insert section on prepaid cards
May 2024	2.5 'the CEO, DFO and Head of School Improvement' changed to 'the Central Team'
	8 – to be updated to reflect separate investment policy if adopted (particularly 8.5)
	9.5 'The DFO shall notify' changed to 'The HR Administrator, following authorisation by the DFO, shall notify'
	9.6 'The CEO' changed to 'The DFO'
	12.5 Deleted 'The goods received note must be signed to confirm this check has been performed'
	15.7 '£20,000' changed to '£40,000'
	15.9 Deleted (duplicated 15.7)
	19.1 Added 'Finance Administrator'
	20 Added 'NSAT Whistleblowing Procedure'
	Appendix 1 Financial Scheme of Delegation Authorise items for disposal above a residual value of £1,000 – changed from FARR to CEO Make appointments as a result of an increase in Banding (or other funding) that are made on a temporary basis – deleted 'up until the end of the academic year' Extend temporary appointments beyond an academic year – changed from FARR to CEO 'Site Manager' changed to 'Estates Manager' throughout

Table of contents

1	Introduction	1
2	Financial planning and control	2
3	Independent checking procedures	3
4	Annual accounts	4
5	Accounting system	5
6	Cash management	6
7	Capital projects	8
8	Investments	9
9	Payroll	10
10	Income	11
11	Bad Debts	12
12	Purchasing	12
13	VAT	13
14	Fixed assets	13
15	Related parties	14
16	Gifts and hospitality	15
17	Fraud	16
18	Cyber Crime	17
19	Other	19
20	Associated Reading	20

Appendix 1 – Financial Scheme of Delegation

1 Introduction

- 1.1 This policy applies to all employees, Trustees and the local Governors within the Trust. The policy is to be reviewed annually.
- 1.2 The purpose of this document is to ensure that the Trust maintains and develops systems of financial control, which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education and Skills Funding Agency (ESFA).
- 1.3 The Trust must comply with the principles of financial control outlined in the Academy Trust Handbook. This policy expands on that and provides detailed information on the Trust’s accounting procedures and controls. This document should be read by all staff involved with financial systems and compliance with these systems and controls is compulsory for all staff within the Trust. An appropriate level of staff training on the systems of internal control is included in the induction of all new staff and periodic

reminders are circulated throughout the year. A member of staff who fails to comply may be subject to disciplinary action under the Trust's disciplinary policy. It is the responsibility of Headteacher to ensure that staff are made aware of the existence of these procedures.

- 1.4 The purpose of these financial regulations is to provide control over the totality of the Trust's resources and provide management with assurances that the resources are being properly applied and that objectives are being achieved, including;
 - Maintain financial sustainability
 - Fulfilling its responsibility for the provision of effective financial controls over the use of public funds
 - Safeguarding the assets of the Trust
 - Ensuring that the Trust complies with relevant legislation
 - Achieving value for money
- 1.5 The Board is responsible for maintaining a continuous review of the financial regulations, through the Director of Finance and Operations (DFO) who undertakes the role of Chief Finance Officer and will advise the Trustees of any additions or necessary changes.
- 1.6 In exceptional circumstances, the Board may authorise a departure from the Finance Policy, such departure would be documented and detailed reasons given.

2 Financial planning and control

- 2.1 The DFO is responsible for preparing annually a rolling three-year budget for each Academy and a consolidated budget for approval by the Trust Board prior to submission to ESFA.
- 2.2 The budgetary planning process will incorporate the following elements:
 - Forecasts of the likely number of pupils to estimate the amount of General Annual Grant to be received
 - The latest estimate of other ESFA funding e.g. top-up funding, pupil premium, PE grant etc.
 - Review of other income sources available to the Academy to assess likely level of receipts, e.g. rental income.
 - Review of past performance against budgets
 - Identification of potential efficiency savings
 - Review of the main expenditure headings in light of the funds held by each Academy and the expected variations which may result in a deficit
 - All carry forward balances reviewed
 - Any unspent grants from the previous financial year and the likelihood of

these being spent in the current year (ensuring they are shown as a separate restricted fund).

- 2.3 The budget should also include cash flow forecasts for the year to ensure cash management is effective and well controlled. The forecasts shall be prepared and monitored in tandem with the three-year rolling budget to ensure they correlate and monitoring is effective.
- 2.4 The control of income and expenditure within an agreed budget is the responsibility of the Chief Executive Officer (CEO), who delegates responsibility to the DFO. The financial results will be reported on in comparison to budget throughout the financial year. A report will be prepared monthly by the DFO, on the financial performance of the Academies and the Trust as a whole.
- 2.5 Centralised services such as HR, legal, accountancy and audit fees etc. as well as the salaries of the CEO, DFO and Head of School Improvement are apportioned between each Academy on a reasonable and consistent basis.

3 Independent checking procedures

- 3.1 The Board of Trustees have established a Finance, Audit Risk & Resources (FARR) Committee who meet six times a year or more frequently if necessary. The committee is responsible for monitoring and making recommendations to the Board of Trustees on matters related to financial planning, the annual accounts and systems and the audit.
- 3.2 The Board of Trustees have appointed an External Auditor to provide assurance over the financial statements prepared and the regularity operating within the Trust.
- 3.3 The Trust will appoint an external company to provide an internal audit service to ensure that the Trust's financial planning is robust, the systems and controls within the Trust are appropriate and all policies and procedures have been appropriately complied with by all of the Academies.
- 3.4 The CEO reviews the following documents termly to ensure the Trust is working within the boundaries of regularity and propriety:
 - Management accounts of the Trust, which are analysed by Academy
 - Value for money practice
 - Transactions for evidence of connected party transactions
- 3.5 The CEO has delegated the following responsibilities to the DFO:
 - Compliance against the Financial Scheme of Delegation
 - Adherence to tendering policies

- Review of transactions confirming in line with delegated authorities as set out by the Academy Trust Handbook

4 Annual accounts

- 4.1 The Academy Trust must prepare annual audited financial statements for the accounting period to 31 August.
- 4.2 The consolidated accounts will be prepared by Bishop Fleming.
- 4.3 The accounts are then submitted as follows:
- By 31 December to the ESFA.
 - By 31 January they will be published on the Trust webEstates.
 - By 31 May to Companies House.
- 4.4 As part of the annual accounts, the Trust must include three examples of how they have achieved value for money. The DFO is responsible for collating the examples which are then confirmed by the FARR committee.
- 4.5 External auditors must be appointed in accordance with the Academy Trust Handbook and the DFO is responsible for managing the audit process, by liaising with the auditor's, arranging the timetable for accounts and audit completion and ensuring deadlines are met.
- 4.6 During the accounting period, the DFO is responsible for the following tasks to ensure a smooth audit process:
- Reviewing the trial balance.
 - Maintaining a fixed asset register.
 - Depreciation charges.
 - Maintaining income and expenditure records, including the filing of invoices and remittances.
 - Reviewing aged debtors for any provisions required.
 - Control account reconciliations (bank, wages, debtors and creditors).
 - Preparing monthly management accounts.
 - Monitoring and reporting to the CEO and Board of Trustees.
- 4.7 The DFO is responsible for the following tasks to be undertaken at year end to facilitate a smooth audit process:
- Stock take including a year-end stock value, with provisions if necessary.
 - Prepayments for any expenditure paid in advance of the following accounting period.
 - Deferred or accrued income provisions for grants received in the year that relate to another accounting period, or income that should be recognised

but has not yet been received.

- Control account reconciliations (bank, wages, debtors and creditors).
- Close down of the purchase and sales ledgers.
- Pension valuations and figures entered into the annual accounts.

4.8 The Academy Trust must prepare an annual account return for the accounting period to 31 August, which is then to be submitted to the ESFA by the given deadline. The accounts return is to be prepared by Bishop Fleming.

4.9 The DFO is responsible for all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the Trust. Therefore, the DFO will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, Corporation Tax and Import Duty. The DFO is responsible for maintaining the Trust's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date, as appropriate.

5 Accounting system

5.1 All of the financial transactions of the Trust must be recorded into Sage, the computerised financial information accounting system. This system is operated by the DFO and the Finance Officer. Training and support will be provided to all users to ensure proficiency.

5.2 The Trust's accounting system is computerised. Access to the system is restricted to the Trust's employees and those authorised by the Accounting Officer. The system is accessed by passwords. Passwords are only known by the relevant member of staff and are changed immediately if an employee is aware that an unauthorised person has learnt their password. If an outside provider uses the accounting system, they are given their own user ID and password.

5.3 Software is installed on the Trust's computer systems to detect viruses, spyware and other malicious threats. Regular updates are used to ensure that the latest threats are detected.

5.4 The Academy complies with the GDPR requirements and access for staff who are no longer at the Trust are removed as soon as the staff member leaves.

5.5 All accounting records including invoices, delivery notes, bank statements etc. are retained for six years after the end of the accounting period they relate to.

5.6 Regular back up procedures are performed on the system to ensure the data is

secure.

- 5.7 All transactions input into the accounting system must be authorised in accordance with the Financial Scheme of Delegation.
- 5.8 All journal entries posted to the accounting system are documented and spot checked by the DFO.
- 5.9 Bank reconciliations are reviewed and approved by the DFO.

6 Cash management

- 6.1 The following procedures must be followed when opening a bank account and operating it:
 - The Trust is responsible for selecting the banking institution and negotiating the terms and conditions.
 - The Trustees must authorise the opening of all bank accounts and the signatories on each.
 - The Trust will ensure that in the event of changes to key personnel or Trustees, signatories will be changed immediately and the bank notified. Any online access to banking will also be removed.
 - Terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted.
 - The Trust must ensure there are sufficient funds to cover large payments.
- 6.2 A deposit to the bank account must be entered onto a paying in slip with the amount of the deposit, a date and an adequate description of what the funds are in relation to. The DFO is responsible for ensuring the accounting system is updated.
- 6.3 All payments, withdrawals and bank transfers must be made in accordance with the bank mandate and authorised signatories must not sign off a payment for which they have also given authorisation for the expenditure as this is not in line with the Financial Scheme of Delegation and does not operate effective segregation of duties.
- 6.4 The DFO must ensure that bank statements are received or downloaded from the online portal regularly and that full reconciliations are performed at least on a monthly basis.
- 6.5 Petty cash is held by the Central Team and this should be monitored to ensure the amount held does not exceed £250 at any one time. Petty cash should be used for smaller transactions and the receipts/invoices kept to ensure the amounts can be reconciled. Reimbursement of petty cash expenditure will be made via BACS.

- 6.6 Payments and withdrawals must be made by BACS wherever practicably possible and cheques are to be used only in exceptional circumstances. All cheques and other instruments authorising withdrawal or transfer from trust bank accounts must bear the signature of at least two persons from the bank mandate. This provision applies to all accounts operated by or on behalf of the Trust.
- 6.7 The Trust Board has authorised three credit cards for use by the Finance Team in accordance with the following procedures:
- The credit cards are held securely
 - A detailed record of expenditure is kept for all purchases.
 - The credit cards are reconciled with the bank statement and transactions posted monthly onto the finance system.
 - Any items which do not have detailed record of expenditure or do not appear to be for bona fide academy purposes must be immediately reported to the CEO and fully investigated immediately.
 - The DFO will authorise all purchases made on the credit cards.
 - The CEO will authorise all purchases made on the credit card by the DFO.
 - Care must be taken with all internet purchases, including purchasing only from known, trusted, reliable and reputable suppliers.
- 6.8 On receipt of an invoice, the relevant individual, in accordance with the Financial Scheme of Delegation will sign the invoice to signify:
- An official purchase order has been raised for the purchase.
 - The delivery note has been checked (where appropriate) and the delivery quantity, quality and price has been agreed to the amount invoiced.
 - Funds are available from the relevant budget and the amount has not been previously paid.
- 6.9 The payment is then prepared and the BACS payment is then passed to two of the banks signatories who check the file to ensure that they have been correctly entered and approve payment.
- 6.10 Any overall surpluses or deficits in reserves at the end of the year are carried over to the following year. If the Trust is anticipating a deficit at the end of any financial year, the Trustees and CEO have a responsibility to ensure action is taken at the earliest opportunity to address this issue.
- 6.11 If there are any surplus funds in relation to capital projects, it is the responsibility of the DFO to ensure accurate records of the funds are maintained and accounted for.
- 6.12 Parents/carers have the facility to pay for items such as meals and uniform via our management information system (Arbor) payment portal. Arbor pays out funds received from card payments to the Trust bank account on a weekly basis. Arbor uses a payment processing system called Stripe to collect the payments.

Stripe's safety features include:

PCI Service Provider Level 1 - the highest grade of payment processing security.

All transactions made via Stripe are SSL (Secure Socket Layer) protected.

All information is securely transmitted during processing of payments.

All credit card numbers are encrypted which ensures security.

- 6.13 The Trust provides prepaid cards for use by members of staff who work with students off Estates. Prepaid cards are only issued on completion of a signed agreement form and in accordance with the following procedures;
- the card should be held securely and any lost or stolen cards must be reported to the finance department immediately.
 - the card should only be used by the person whose name appears on it.
 - the card PIN number must not be shared.
 - all transactions need to be supported by a signed and authorised expenditure request form, with the exception of a small number of pre-authorised purchases listed in the agreement form.
 - a detailed record of expenditure with VAT receipts must be maintained for all transactions.
 - the card should not be used to withdraw cash
 - the card should not be used for fuel transactions.
 - the card should not be used for any non-work-related transactions.
 - care must be taken with all internet purchases, including purchasing only from known, trusted, reliable and reputable suppliers.
 - the maximum transaction value is £30.
 - the card must be returned immediately upon request or upon termination of employment.

7 Capital Projects

- 7.1 Capital spend should only occur as approved by Trustees as part of the budget setting process.
- 7.2 Capital spend outside of the approved budget will require the submission of a business case for prior approval by trustees.
- 7.3 Capital projects will be managed by the DFO who will ensure the Academy Trust Handbook is followed throughout.
- 7.4 The Trust is eligible to bid for a share of the Condition Improvement Fund (CIF) each year. The priority for the CIF fund is to address significant condition need, keeping education provider buildings safe and in good working order. This includes funding projects to address health and safety issues, building compliance and poor building

condition. The DFO will be responsible for identifying suitable projects and arranging the submission of bids with the support of an external consultant if appropriate.

8 Investments

- 8.1 Trustees will ensure that investment risk is properly managed. When considering whether to make an investment, trustees will:
- Act within their powers to invest as set out in our articles of association and with reference to The Charity Commission guidance for trustees
 - Exercise caution in all investments, reducing risk and ensuring that the trust acts with the utmost integrity
 - Take investment advice from a professional adviser, as appropriate
 - Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation
 - Ensure that all investment decisions are in the best interests of the trust and command broad public support
 - Trustees will seek prior approval from the Education and Skills Funding Agency for investment transactions that are novel, contentious or repercussive.
- 8.2 The DFO is responsible for producing reliable cash flow forecasts as a basis for decision making and for providing sufficient management information to the FARR Committee so it can review and monitor investment performance.
- 8.3 Cash flow and current account balances will be monitored by the DFO to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments.
- 8.4 When there are funds surplus to immediate cash requirements in the current account, these will be transferred to an account with a higher interest rate.
- 8.5 The Trust will only invest funds in low risk and easily-accessible accounts. Funds will be placed in bank accounts with a withdrawal notice of no more than 12 weeks.
- 8.6 Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximisation.
- 8.7 Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings.

9 Payroll

- 9.1 When appointing staff to become employees of the Trust, there are established procedures to ensure that:
- The appointed personnel are competent, suitably qualified and trained to a level consistent with their responsibilities.
 - Provide clear statements of criteria for personnel selection.
 - Provide formal job descriptions.
 - Ensure that the cost of all appointments and other changes to staff salaries can be met with the resources available to the Trust.
- 9.2 The DFO maintains a list of staff employed by the Trust, with contracts which must be kept up to date with the current salary and any other relevant information that is needed on file.
- 9.3 The payment of salaries, wages, other taxable allowances and emoluments from the delegated Academy budget shall be made by direct BACS transfer (Payments by cash will not be made) only by the external payroll provider. The external payroll provider shall be responsible for the deduction of all pension contributions, trade union subscriptions and other items from employees' salary payments and will arrange for the paying over of such deductions to the relevant bodies.
- 9.4 All employees will be paid monthly on the last working day of the month.
- 9.5 The HR Administrator, following authorisation by the DFO, shall notify the payroll provider in writing of all appointments, changes to working hours/salary grades, resignations, absences or other changes which may affect the pay or pension of an employee or ex-employee of the Trust. Any changes to contracts must be approved in accordance with the Financial Scheme of Delegation.
- 9.6 The DFO will authorise all salary documents relating to appointments, resignations, additional supply or payments and absence of staff. Properly authorised new starter, adjustments or leaver forms should be used to notify of such contract changes and promptly sent to the external payroll provider. For leavers, all access rights to IT systems are removed and all academy owned assets collected.
- 9.7 In addition to the properly authorised starter form, the following documents should be obtained from a new member of staff and sent to the payroll provider:
- P45 (income tax) - in the event of the employee not having one, a P46 should be completed.
 - Bank Details form.
 - Medical Questionnaire.

- 9.8 Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the line manager, prepared by the Finance Officer and signed off by the CEO / DFO. The CEO / DFO cannot authorise their own submitted forms.
- 9.9 No individual is to be treated as self-employed without clearance through use of the HMRC Check Employment Status for Tax (CEST) tool.
- 9.10 The Senior Administrator is responsible for obtaining the relevant DBS checks and ensuring the information is recorded on the Single Central Record.
- 9.11 The DFO will prepare a monthly pay reconciliation showing reasons for variances.
- 9.12 The accounting system will be updated by the Finance Officer by posting payroll journals. The DFO is responsible for reviewing the payroll control accounts on a monthly basis and investigating any unreconciled transactions and differences.
- 9.13 Annually, checks will be performed of the payroll system to ensure the gross pay of staff is in accordance with their contract held.
- 9.14 The Trust does not award salary advances.
- 9.15 The Trust is able to self-approve the non-contractual element of severance payments up to £50,000 (in accordance with the Financial Scheme of Delegation). A business case must be presented before agreeing a payment, using the form provided by ESFA on gov.uk. Where the non-contractual element is on or over £50,000 prior approval from ESFA must be sought. The CEO must sign off and review each business case and also be approved by the Trust Board, above £5,000.
- 9.16 Any ex-gratia payments must be submitted to the ESFA for approval.

10 Income

- 10.1 The Trust has overall responsibility for ensuring that all income and grants due to the Academy is collected and accounted for. Day-to-day responsibility for this is delegated to the Finance Officer with assistance from the DFO where required. Income, including valuations for donated services and gifts in kind, is accounted for in accordance with the requirements set out in the Academy Trust Handbook.
- 10.2 Invoices are raised from Sage for self-generated income by the Academy. When the income is received, a sales receipt is generated on Sage recording the income as received and clearing the outstanding debtor.
- 10.3 All hiring of Trust facilities and equipment is to be documented and invoiced in

accordance with the agreed terms made with the customer. The sales receipt will then be matched against the sales invoice in the accounting system.

11 Bad debts

- 11.1 The Trust chases all monies due and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.
- 11.2 If the debt remains unrecoverable after 12 months, or it becomes clear that the debt will not be repaid, the debt will be written off in accordance with the Financial Scheme of Delegation

12 Purchasing

- 12.1 All expenditure must be undertaken in accordance with the trust Financial Scheme of Delegation and Competitive Tendering Policy.
- 12.2 New suppliers will be subject to completion of an IR35 check before being set up on the accounting system.
- 12.3 The Trust must achieve value for money on all purchases and therefore all staff involved in the purchasing process will ensure they follow the general principles of probity, accountability and fairness.
- 12.4 Official orders shall be placed for all goods, services and works. Orders will be generated in Sage wherever possible.
- 12.5 The authoriser of the order will be responsible for making appropriate arrangements for the delivery of the goods to the Academy. On receipt of the goods, a detailed check must be performed to ensure there are no differences to the order. Any discrepancies reported to the Finance Officer and discussed with the supplier of the goods without delay.
- 12.6 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Officer should be notified and a record kept of these goods.
- 12.7 The authorisation of orders and the payment of invoices will only be agreed in accordance with the Financial Scheme of Delegation.
- 12.8 Goods will not be paid for in advance of receipt, unless in urgent and exceptional

circumstances, which should be documented on the order form.

- 12.9 All invoices should be sent to the Finance Officer, who will record this as being received in Sage. The Finance Officer will check the invoice to the order and the authorised GRN and these documents will be filed together.
- 12.10 At month end, the Finance Officer will produce a list of outstanding invoices from the purchase ledger and ensure this is accounted for in the management accounts.
- 12.11 The trust's funds must not be used to purchase alcohol for consumption.

13 VAT

- 13.1 The DFO is responsible for submitting the VAT returns, where appropriate each quarter and ensuring the Trust is compliant with HMRC guidelines and that the information is submitted within the appropriate deadlines.

14 Fixed assets

- 14.1 The Trust includes details of all assets with a cost greater than £1000 in the asset register which is maintained by the Finance Officer and records:
- Asset description, date of acquisition, cost and location held.
 - Source of funding.
 - Expected useful economic life.
 - Depreciation (cumulative and charge for the accounting period).
 - Current net book value.
- 14.2 The DFO will ensure that annually checks are carried out to agree items held per the fixed asset register to the tangible assets and that they are not in a state of disrepair or any impairment to the asset being required. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to trustees.
- 14.3 The asset register helps to ensure that:
- Staff take responsibility for the safe custody of assets.
 - Independent checks of the assets can be performed to prevent misuse or theft.
 - The external auditors can use this information to agree the year end fixed asset value.
 - To support insurance claims in the event of theft or damage.
 - Manage the effective utilisation of assets to plan for their replacement.

- 14.4 All items of IT equipment are allocated an asset number prior to issue to staff.
- 14.5 All assets should, where possible, be kept securely and locked away when not in use.
- 14.6 Disposals will be accounted for in accordance with the Academy Trust Handbook and the Financial Scheme of Delegation.
- 14.7 Items of Trust property, other than laptops, must not be removed from Trust premises without the authority of the DFO. A record of the loan must be made before removal and the item logged back in on its return.

15 Related parties and connected parties

- 15.1 Connected parties arise where one party has control or influence over the other, or where the parties are subject to common control. This includes parent companies and their subsidiaries, key management personnel including company directors, their close family members and other entities in which these parties have a controlling interest. Accounting standards require transactions between related parties to be disclosed in company financial statements as connected party transactions. Such transactions are permitted under company law, charity law and under the Academy Trust Handbook provided that open and transparent procurement procedures have been followed and any conflicts of interest are adequately and appropriately managed.
- 15.2 The ESFA's Academies Accounts Direction sets out that, for academy trusts, connected parties include:
- Parties with control over, or controlled by, the entity (for example parent and subsidiary companies).
 - Parties having significant influence over the entity.
 - Key management personnel of the entity, including any director, whether executive or otherwise.
 - Close family members.
 - Others subject to control or significant influence by any individual referred to above.
- 15.3 The Trust wherever possible should avoid trading with connected parties because of the following:
- The potential risk to public funds because transactions cannot be demonstrated to be properly entered into or reasonable.
 - The transaction may be considered irregular because it does not comply

with legislation, with the terms of the Trust's funding agreement and/or the Academy Trust Handbook, and/or comply with internal Trust procedures.

- The transaction may bring the Trust into disrepute because it could be viewed negatively by the community or stakeholders.

- 15.4 The Trust will only allow trading with connected parties if the trade can clearly be shown to be beneficial on a financial, operational, and/or governance level, to the local community or to the quality of education delivered and thereafter educational outcomes for pupils.
- 15.5 In accordance with the ESFA's guidelines, all transactions with related parties should be provided 'at cost'. For these purposes the cost will be the full cost of all resources used in supplying the goods or services. Full cost includes:
- Direct costs (the costs of any materials and labour used directly in producing the goods or services).
 - Indirect costs (comprising a proportionate and reasonable share of fixed and variable overheads).
- 15.6 Full cost must not include an element of profit and for transactions above £2,500 a statement of assurance from that individual or organisation must be obtained confirming their charges do not exceed the cost of the goods and services and on the basis of an open book arrangement.
- 15.7 The Trust must obtain ESFA's prior approval, using the related party online portal for contracts or other agreements for the supply of goods or services to the Trust by a related party 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.
- 15.8 The Trust will ensure all related party transactions are disclosed in the accounts.
- 15.9 The Trust must report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line form. This requirement applies to all such contracts and agreements made on or after 1 April 2019.

16 Gifts and Hospitality

- 16.1 Ordinarily gifts should be rejected, unless they are of negligible value (e.g. diaries,

calendars). However, any gifts or hospitality in excess of £25 are reported to the DFO in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses.

16.2 Gifts that have been reported are entered onto the gifts and hospitality register.

16.3 Please see separate Gifts and Hospitality Policy for further details.

17 Fraud

Fraud is deception carried out in order to gain an unfair advantage or to disadvantage another. It may involve the misuse of funds or other resources, or the supply of false information.

17.1 Types of Fraud

Common types of fraud include theft, fictitious and falsification of invoices and credit card fraud.

17.2 Fraud Risk Management Strategy

The trust is aware of the risk of fraud, theft and irregularity and takes steps to address it by putting in place the following controls:

- The Trustees, CEO and DFO are aware of the risk of fraud and of their responsibilities as set out in the Academy Trust Handbook.
- The FARR Committee Terms of Reference sets out the Committee's obligation to notify the Trust Board (and if necessary, the regulators) of any incidence of fraudulent activity of which the Committee becomes aware.
- The Trust commissions the services of an external auditor with the appropriate level of expertise and a testing programme designed to detect incidences of fraud.
- All financial transactions are undertaken in accordance with the Trust Finance Policy and Financial Scheme of Delegation ensuring segregation of duties where appropriate.
- Internal audits are undertaken by an external provider twice a year to ensure that internal control systems are robust.

- The risk of Fraud is recorded in the Trust Risk Register and monitored by the Executive Leadership Team and the FARR Committee. The [list of potential fraud indicators](#) is used to help identify the areas most vulnerable to fraud risk.
- The trust does not tolerate fraud and promotes this within its culture through adherence to financial regulations and the implementation of rigorous recruitment and selection processes, disciplinary procedures, induction and training.
- The Trust has Whistleblowing, Code of Conduct and Gifts and Hospitality policies and procedures in place.

17.3 Reporting

In the first instance, where fraud, theft or irregularity is suspected or identified, the DFO should be notified (or the CEO where the DFO is the subject of the irregularity).

The DFO (or CEO) will investigate and report to the Trust Board where appropriate.

The board of Trustees will notify ESFA of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in an academy's financial year. Any unusual or systematic fraud (eg regular occurrences of low value theft), regardless of value, must also be reported. The following information is required:

- full details of the event(s) with dates
- the financial value of the loss
- measures taken by the trust to prevent recurrence
- whether the matter was referred to the police (and if not, why)
- whether insurance cover or the risk protection arrangement has offset any loss

ESFA does not tolerate fraud and takes quick and decisive action where it is uncovered. This includes commissioning an investigation or, in certain instances, referring cases directly to the police.

18 Cyber Crime

Cyber crime is criminal activity committed using computers and/or the internet.

18.1 Types of Cyber Crime

Cyber crime can involve malicious attacks on computer software, including:

Email hacking

Email hackers try to gain access to email accounts by tricking people to:

- open and respond to spam emails
- open emails with a virus
- open phishing emails

Phishing

Phishing messages look authentic with corporate logos and a similar format to official emails.

Sometimes phishing emails use the title of a genuine email that the victim has recently replied to in order to trick the victim into believing the communication is authentic. Phishing emails can appear to have originated from within or outside your organisation.

Unlike official communications, phishing emails ask for verification of personal information, such as account numbers, passwords or date of birth.

Sometimes the emails suggest the request is time sensitive to pressure the recipient to respond when they might not otherwise have done so.

Unsuspecting victims who respond may suffer stolen accounts, financial loss and identity theft.

Malvertising

Malvertising can compromise computers by downloading malicious code when people hover on or click on what looks like an advert. Some will even download malicious code to your computer while the webEstates is still loading in the background. Cyber criminals can use advertisements as a way to hack into computers.

18.2 Cyber Crime Risk Management Strategy

The Trust is aware of its responsibilities in relation to cyber crime and takes steps to address the risk of fraud, theft or irregularity by putting in place proportionate controls including:

- the use of filtering, firewalls, antivirus software and strong passwords.
- routinely back up data and restrict devices that are used to access.
- ensuring that staff are aware of the importance of protecting themselves from email errors by practising good measures including:
 - checking the sender of an email is genuine before, for example, sending payment, data or passwords

- making direct contact with the sender (without using the reply function) where the email, for example, requests a payment or change of bank details
 - if telephoning the sender to confirm authenticity, not using the contact number within the email without first checking it is genuine
 - understanding the risks of using public Wi-Fi
 - understanding the risks of not following payment checks and measures
- ensuring that staff are aware of how to identify and report phishing emails.
 - identifying Cyber Crime within the Trust Risk Register and the monitoring of the associated risks by the Executive Leadership Team and the FARR Committee.
 - taking steps to protect our computer systems by reference to Government guidelines and self-assessment against the National Cyber Security Centre's [10 steps to cyber security](#).
 - having appropriate policies and procedures in place including Data Protection, IT Security and Acceptable Use policies.
 - ensuring that all finance staff undertake fraud and cyber crime training.
 - commissioning the services of an external IT support provider with the appropriate level of expertise.

18.3 Incidents

In the event of a cyber security incident appropriate action must be taken in accordance with the Trust's Business Continuity Plan.

Permission must be obtained from ESFA to pay any cyber ransom demands. 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.

19 Other

- 19.1 The Finance Department, including the DFO, Finance Officer and Finance Administrator, are responsible for ensuring that incoming funds are properly classified and designated as appropriate. Expenditure should be spent in accordance with the terms of the fund and records should be maintained of these funds.
- 19.2 The DFO reviews insurance arrangement annually and ensures that the sums insured are commensurate with the risks and include cover for academy trust property when

off the premises. The Trust has opted in to the Department for Education's Risk Protection Arrangements.

19.3 Keys and access cards must be kept securely at all times, the loss of such items should be reported to the DFO immediately.

20 Associated Reading

- NSAT Financial Scheme of Delegation (Appendix 1)
- NSAT Reserves Policy
- NSAT Gifts and Hospitality Policy
- NSAT Code of Conduct
- NSAT Whistleblowing Procedure
- NSAT Competitive Tendering Policy
- Academy trust funding agreement
- Articles of Association
- Academy Trust Handbook
- Academies Accounts Direction

FINANCIAL SCHEME OF DELEGATION

Area of Responsibility	Level of Responsibility			
	Trust Board	FARR Committee	CEO	Other Staff Member
Financial Management				
Ensure the Trust's compliance with the Academy Trust Handbook and Academies Accounts Direction.			✓	DFO
Review the School Resource Management Self-Assessment Tool, addressing issues identified as required.		✓	✓	DFO
Approve the Trust's continuing compliance with the SRMSAT as required.	✓			
Review the Trust's Finance Policy and all corresponding financial policies for approval by the Trust Board in accordance with the agreed policy cycle.		✓	✓	DFO
Approval of the Trust's Finance Policy and Financial Scheme of Delegation.	✓			
Ensure that all relevant financial updates are brought to the attention of the FARR Committee / Trust Board.			✓	DFO
Financial Planning				
Prepare a three-year budget on the basis of the cost of current policies, the proposals for change (drawn from the MAT Strategic Plan and SDP's) and estimates of the level of future resources.			✓	DFO
Consider the Academy's budgets in the light of the MAT Strategic Plan and SDP's and the level of future resources and recommend for approval by the Trust Board.		✓		
Approve the Trust consolidated budgets.	✓			

Area of Responsibility	Level of Responsibility			
	Trust Board	FARR Committee	CEO	Other Staff Member
Value for Money Responsibility				
Undertake benchmarking exercises on an annual basis for review by the FARR Committee.			✓	DFO
Consider the benchmarking work undertaken and propose changes, as required, to ensure that the Academy budgets achieve value for money.		✓		
Ensure at an Academy level that financial efficiencies and value for money is obtained at every opportunity.		✓	✓	DFO

Budget Monitoring and Control				
Approve additional expenditure. Movements above this value to be referred to the FARR Committee before being undertaken.			< £10,000	DFO < £10,000
Approve additional expenditure. Movements above this value to be approved by the Trust Board.		£20,000		
Approve additional expenditure in excess of the delegation to the FARR Committee.	> £20,000			
Advise the FARR Committee and Trust Board of all significant budget movements undertaken where not otherwise approved in advance.			✓	DFO
Monitor and control expenditure against the budget during the financial year, including preparation and approval of reports for the FARR Committee and Trust Board.			✓	DFO
Review and approve budget variances and report to the FARR Committee.				DFO
Monitor expenditure against the budget during the financial year and ensure that the reasoning for any budget variance is sound.		✓		
Ensure that earmarked funds and large or trading activities are separately monitored and reported to the FARR Committee.			✓	DFO
Monitor earmarked funds, trading activities and large Academy operations, (e.g. catering, sports facilities, hiring etc) to ensure that allocations are spent in accordance with the budget.				DFO

Area of Responsibility	Level of Responsibility			
	Trust Board	FARR Committee	CEO	Other Staff Member
Financial Reporting to the ESFA				
The preparation of the year-end accounts and other returns required by the ESFA in accordance with the Academy Trust Handbook and Academies Accounts Direction.			✓	Bishop Fleming / DFO / Finance Officer
Review all year-end accounts and any financial returns required by the ESFA and recommend for approval by the Trust Board.		✓		
Approve all year-end accounts and any financial returns required by the ESFA	✓			
Audit and Inspection Reports				
Produce a formal response to the audit reports as required.			✓	DFO / Finance Officer
Consider the recommendations set out in the External and Internal Audit reports and the proposed action plan for implementation.		✓		
Ensure that the recommendations agreed by the Trust have been implemented.		✓	✓	DFO / Finance Officer
Retention and Disposal of Accounting Records				
Ensure maintenance of complete financial accounts and full supporting records for all accounts.			✓	DFO / Finance Officer
Ensure the retention, secure storage and disposal of accounting records in accordance with current legislative requirements.				DFO / Finance Officer

Area of Responsibility	Level of Responsibility			
	Trust Board	FARR Committee	CEO	Other Staff Member
Computer Systems and the Data Protection Act 2018				
Ensure that the Trust complies with the requirements of the Data Protection Act 2018.			✓	DFO / IT Support / DPO
Ensure that the Academy's Data Protection registration is renewed annually.				DFO / Finance Officer
The setting up and maintenance of access profiles for system users and the production and security of back-up disks and files.			✓	DFO / IT Support / Finance Officer
Financial Systems – Internal Academy Controls only				
Arrange an annual review of the controls within the Trusts financial systems.			✓	DFO
Review the annual internal scrutiny report and submit a copy to the ESFA by 31 December each year.		✓		
Banking Arrangements				
Approve or vary signatures of bank accounts, taking into consideration the restrictions set out in the Academy Trust Handbook.			✓	DFO / Finance Officer
Authorise payments of petty cash £0 - £30			✓	DFO / Headteacher / Finance Officer
Authorise cheque payments up to £250 (two signatures required)			✓	DFO / Finance Officer
The control and reconciliation of the Trust bank accounts for consideration by the Trust's CEO				DFO / Finance Officer
Approve the bank reconciliation on a monthly basis.			✓	DFO

		Level of Responsibility				
Area of Responsibility		Trust Board	FARR Committee	CEO	Other Staff Member	
Petty Cash						
Agree, with the Trust Board, an appropriate amount of petty cash to be held, (£250) and the periodic check of completeness of financial records.					DFO / Finance Officer	
The maintenance of accounting records, the security and regular reconciliation of petty cash.					DFO / Finance Officer	
		Level of Responsibility				
Area of Responsibility		Trust Board	FARR Committee	Pay and Personnel Committee	CEO	Other Staff Member
Personnel and Payroll						
Review the staff structure of the Trust annually.				✓	✓	DFO
To review the financial implications of changes to staffing numbers and grades, and approve those with a compound annual effect over £10,000.			✓			
The maintenance of an authorised signatory list for employment contracts and pay documents.						DFO / HR Administrator
The filing and storage of personnel and pay records (including person specifications and interview notes for a least 6 months).					✓	DFO / HR Administrator
Periodically reconcile gross pay with contracts and other authorised documents.					✓	DFO
Determine employee status for all individuals working on behalf of the Trust.					✓	DFO / HR Administrator
Authorise all employee-related expenses to be paid through payroll (e.g. employees' overtime, special allowances, travel expenses, etc).					✓	DFO
Approve all payments made to the CEO personally, i.e. reimbursement of payments for goods / services purchases on behalf of the academy and / or personal expenses incurred, e.g. travel expenses.			✓ > £250 per claim			≤ £249 Headteacher / DFO

Implement the Trust pay policy and appointment procedures for all staff employed through the Trust.			✓		
		Level of Responsibility			
Area of Responsibility	Trust Board	FARR Committee	CEO	Other Staff Member	
Purchasing – provision of goods and services					
Set rules for a competitive tendering policy, monitor and review the rules in accordance with the Academy Trust Handbook.			✓	DFO	
Monitor procurement regulations to ensure compliance by the Trust.		✓		DFO	
Maintain a Contracts Register and act as Contract Manager and monitor contracts on an on-going basis.				DFO / Finance Officer	
Review contracts on an on-going basis (and as part of ensuring the Trust continues to achieve 'best value')		✓		DFO / Finance Officer / Estates Manager	
Ensure that a minimum of two written quotes are obtained for purchases and contracts valued at over £3,000 and up to a value of £10,000.			✓	DFO / Finance Officer	
Ensure that a minimum of 3 quotes are obtained for purchases and contracts valued between £10,001 and £50,000		✓	✓	DFO / Finance Officer	
Ensure that an invitation to tender is obtained for purchases and contracts valued over £50,000.			✓	DFO / Finance Officer	
Ensure that ESFA regulations are adhered to for all revenue contracts over the ESFA threshold		✓			
Maintain a list of contacts for guidance and advice.				DFO / Finance Officer / Estates Manager	
Supervise contractors and service providers to ensure the receipt of best value for money and compliance with legislation.				DFO / Estates Manager	
Leasing					
Seek Secretary of State approval for any proposed leases, other than operating leases, so that imposed capital controls can be taken into consideration.				DFO	
Maintain a register of all leases held by the Trust.				DFO / Finance Officer	

Level of Responsibility				
Area of Responsibility	Trust Board	FARR Committee	CEO	Other Staff Member
Orders for Goods and Services and Payment of Accounts				
The maintenance of an authorised signatory list for orders (subject to the limitations agreed).				DFO / Finance Officer
The authority for the signing of official orders for the purchase of goods and services up to the value of £10,000			✓	DFO
Orders above £10,000 and less than £20,000 are approved by the CEO or Head of School Improvement (in absence of CEO)			✓	Head of School Improvement
Control the placing of orders for the purchase of all goods and services, of a value greater than £20,000. A Trustee must countersign the order.		✓	✓	
Approve capital projects above £20,000.	✓	✓		
The confirmation of the receipt of goods and services.				DFO / Finance Officer
The preparation of cheques for payment of services.				DFO / Finance Officer
VAT				
To monitor the regulations on VAT, ensuring compliance by the Trust.				DFO
Income				
Set a charging policy for consideration by the Trust Board.		✓		DFO
Approve the charging policy.	✓			
Review proposed charges for the various areas of academy income, including lettings, academy trips etc. on an annual basis.			✓	DFO
Consider the proposed charges for the various areas of academy income for approval by the Trust Board annually.		✓		DFO
Approve the annual review of charges for the various areas of academy income.	✓			
Set suitable controls for the recording and collection of monies due, and for the movement of banking of monies for all accounts under the control of the				DFO / Finance Officer

academy.				
	Level of Responsibility			
Area of Responsibility	Trust Board	FARR Committee	CEO	Other Staff Member
Income				
The control and collection of all income.				DFO / Finance Officer
The preparation of receipts for banking.				DFO / Finance Officer
The physical banking of monies.				DFO / Finance Officer
Approve procedures for chasing outstanding income due to the Academy (debt recovery policy).		✓		
Write off bad debts. Amounts in excess of this limit to be approved by the FARR Committee.			✓ < £1000	DFO < £1000
Approve and write off bad debts accruing to the Academy over £1000.		✓		
Ensure the security of monies held on Estates.			✓	DFO
Security of Assets, Stocks and Other Property				
Produce and implement a policy for security arrangements at the Academy (including procedures for call-out and key replacements)			✓	DFO / Estates Manager
Approve and periodically review the policy for security arrangements at the Academy.		✓		
To determine a value above which assets should be recorded on the Academy's inventory.		✓		
Ensure the physical security of the Academy's assets, and maintain and periodically inspect an up-to-date inventory.				DFO / Estates Manager
The notification of any changes in physical assets.				DFO / Finance Officer
To determine a value above which discrepancies in the inventory should be reported to the Trust Board.		✓		
The physical inspection of the inventory on an annual basis or through an on-going programme of (random) sample checks.				DFO

	Level of Responsibility			
Area of Responsibility	Trust Board	FARR Committee	CEO	Other Staff Member
Security of Assets, Stocks and Other Property				
Prepare a policy for the disposal of surplus stock and equipment and property, other than land and buildings, and authorise items for disposal up to a maximum value of £999.				DFO
Approve the policy for disposal of surplus stock and equipment and the sale of property, other than land and buildings.		✓		
Authorise items for disposal above a residual value of £1,000.			✓	
Maintain a register of key holders.				DFO
Insurance				
Initiate adequate insurance cover for the Trust.				DFO
Staffing				
Produce a staff structure for review by the FARR Committee when the budget is discussed and proposed.			✓	DFO
Appoint within the agreed structure at any time during the year, should a vacancy occur within the structure.			✓	DFO
Appoint staff outside of the agreed staffing structure (within budget).			✓	
Appoint staff outside of the agreed staffing structure (outside of budget).		✓		
Make appointments as a result of an increase in Banding (or other funding) that are made on a temporary basis (up until the end of the academic year)			✓	DFO
Extend temporary appointments beyond an academic year		✓		