



Walkwood
Church of England  Middle School

Finance Policy & Procedures

2022-23

Governing Body Committee responsible:	Staff, Premises and Commerce		
Approval granted:	28 November 2022	Review date:	Autumn 2023

“Render therefore to Caesar the things that are Caesar’s, and to God the things that are God’s.”

Matthew 22:21

“The vision, in line with the Church of England’s role as the established Church, is for the common good of the whole human community and its environment, whether national, regional or local. It is hospitable to diversity, respects freedom of religion and belief, and encourages others to contribute from the depths of their own traditions and understandings.”

Deenlv Christian. Serving the Common Good. 2016

“The core purpose of any Church school is to maximise the learning potential of every pupil within the love of God.”

SIAMS (Statutory Inspection of Anglican and Methodist Schools) 2012



Introduction

The purpose of this document is to ensure that Walkwood Academy Trust maintains and develops systems of financial control which conform with the requirements of propriety and good financial management and to the requirements of our funding agreement with the Department for Education (DfE).

The Academy must comply with the principles of financial control outlined in the academies guidance published by the DfE. This document expands on that and provides detailed information on the Academy's financial policy and procedures.

This document is to be reviewed annually by the Trustees and either agreed at the Full Board meeting or be delegated to the Staff, Premises & Commerce Committee.

Organisation

Walkwood Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trust has Members who:

- are the subscribers to the memorandum of association (where they are founding members);
- may amend the articles of association subject to any restrictions created by the funding agreement or charity law;
- may, by special resolution, appoint new members or remove existing members other than, where there is one, the foundation/sponsor body and any members it has appointed;
- have powers to appoint trustees as set out in the trust's articles of association and powers under the Companies Act 2006 to remove trustees;
- may, by special resolution, issue direction to the trustees to take a specific action;
- appoint the trust's external auditors and receive (but do not sign) the audited annual report and accounts (subject to the Companies Act);
- have power to change the company's name and, ultimately, wind it up.

The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff.

The trustees of the academy trust are both charity trustees and company directors. They are known as Governors, and the board of trustees is known as the Governing Body. It focuses on three core functions:

- ensuring clarity of vision, ethos and strategic direction;
- holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff;
- overseeing and ensuring effective financial performance.

The governing body has overall responsibility for the administration of the Academy's finances. The main responsibilities of the governing body are listed in the Funding Agreement between Walkwood Academy Trust and the DfE. The main responsibilities include:

- ensuring that grants from the DfE are used only for the purposes intended;
- set spending priorities;
- delegate decisions, where relevant to sub-committees;
- appointment of the Principal.



The Staff, Premises & Commerce (SPC) Committee is a sub-committee of the governing body. The SPC meets at least once a term. The main responsibilities of the SPC are detailed in the written terms of reference and include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of the budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act, 2006 and the Charity Commission’s document “Accounting and Reporting by Charities: Statement of Recommended Practice, 2005 (SORP)”;
- authorising orders and contracts over £15,000;
- reviewing the Responsible Officer reports and report back to the Full Board;
- discussing and identify areas where the school may be vulnerable to fraudulent activity and determine strategies to detect and prevent fraud.

Roles and responsibilities

The Principal

This is the senior executive leader who acts as the trust’s accounting officer, and who may be appointed as a trustee. The roles of senior executive leader and accounting officer must not rotate. The accounting officer should be employed by the trust. The trust will obtain prior ESFA approval if it is proposing, in exceptional circumstances, to appoint an accounting officer who will not be an employee.

The appointment of an accounting officer does not remove the Governors’ responsibility for the proper conduct and financial operation of the trust.

The accounting officer role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to ESFA’s accounting officer, for the trust’s financial resources. The role holder must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety and value for money.

The accounting officer must have 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.

The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts. The accounting officer must also demonstrate how the trust has secured value for money via the governance statement in the audited accounts.

The accounting officer must take personal responsibility (which must not be delegated) for assuring the Governing Body that there is compliance with the funding agreement and handbook.

The accounting officer will advise the Governing Body in writing if action it is considering is incompatible with the articles, funding agreement or handbook. Similarly, 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 will consider the board’s reasons and if the accounting officer still considers the



action proposed by the Governing Body is in breach of the articles, the funding agreement or Academy Trust Handbook, the accounting officer must notify ESFA's accounting officer immediately in writing.

Within the framework of the Academy's development plan the Principal has overall responsibility for the Academy's activities including financial activities. The Principal's responsibilities include:

- approving new staff appointments within the establishment except for their successor where representatives of the governing body will lead the decision process;
- authorise budget virements of up to £15,000;
- authorising orders and contracts up to the value of £15,000 - above £15,000 approval must be sought from the SPC Committee;
- authorising BACS payment runs;
- being a signatory for the Academy's bank accounts;
- reporting incidences of fraud to Governors.

When the Principal is planning to leave the trust (for example retirement or resignation), the Governing Body should approach their Regional Schools Commissioner (RSC) in advance to discuss their structure and options, including plans for recruitment.

The Business Leader

The Business Leader works in close collaboration with the Principal. The Business Leader also acts as Company Secretary for the Academy and works with the Governors and Accountants to ensure that all company secretary responsibilities are met. The main responsibilities for the Business Leader are:

- be responsible for implementing the finance policies of the school, financial processing and monitoring the overall budget;
- 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;
- prepare the annual budget in conjunction with the Principal;
- prepare monthly budget and management reports, including cash flow;
- monitor the academy's budget;
- ensuring forms and returns are sent to the Department for Education (including the Education & Skills Funding Agency) in line with their timetable.

The Business Leader need not discharge all their duties personally. The trust may employ additional staff or contractors with the relevant skills and knowledge at the appropriate time.

Other Staff

All staff are responsible for the security of Academy property, for avoiding loss or damage, for preventing fraud and for ensuring economy and efficiency in the use of resources. Heads of Department are responsible for ensuring that they do not exceed their department budget unless prior approval is given by the Principal.

The Governing Body

The Governing Body and the Staff, Premises and Commerce committee will meet regularly enough to discharge their responsibilities and ensure robust governance and effective financial management. Finance will be a standing item on both the full board and committee meetings (with the exception of the initial Business Meeting), this ensuring effective oversight of funds at these six meetings. The Staff, Premises and Commerce committee also acts as the Governing Body's audit and risk committee. The Terms of Reference for the Governing Body and its committees are reviewed at the initial and annual Business Meeting, specifying the scheme of delegation.



The academy trust has sound internal control, risk management and assurance processes. These follow a tiered approach comprising:

- clearly communicated procedures, structures and training of staff;
- appropriate day to day supervision and checks by school leaders;
- internal scrutiny overseen by an audit and risk committee (which is the Staff, Premises and Commerce committee);
- external audit and assurance.

Register of Business Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services. At the beginning of all governors' meetings a register of interests is noted and Governors must complete a declaration of interest form annually when requested by the Clerk to the Governors and also when those interests change.

Related Party Interest

The Related Party Interest register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

Both Register of Business Interests and Related Party Interest information is collected annually.

All transactions with related parties that take place on or after 1 April 2019 will be reported to the ESFA in advance of the transaction taking place.

Prior approval will be gained from the ESFA using its online for for contracts for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:

- a contract exceeding £20,000;
- a contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year ending 31 August;
- a contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.

The above transactions with related parties will not include salaries or other payments made by the trust to a person under a contract of employment through the trust's payroll.

The contributions made by our academy trust to the Diocese of Worcester for services it receives associated with securing the academy trust's religious character and ethos, which only the diocese can provide, are regarded as meeting the 'at cost' requirement.



Financial Planning and review

The budget planning process will incorporate the following:

- Forecast the likely number of pupils to estimate the amount of income the Academy should receive from the DfE.
- Review of other income sources.
- Predicted salary expenditure.
- Predict the expenditure expected relating to forthcoming projects and general expenditure.
- Review past performance for benchmarking.
- Balance the budget.
- Approval of the budget.
- Budget forecast to ESFA (DfE).

The Governing Body will ensure rigour and scrutiny in budget management, approving 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. This approval will appear within the minutes.

The Governing Body will also ensure 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 ensure that the bases for projections are reasonable and appropriate, reviewing these regularly.

School leaders shall continue to take an integrated approach to curriculum and financial planning so that they are confident about planning the best curriculum for their pupils and delivering the trust's educational priorities with the funding they have available. They can do this by demonstrating the curriculum and staffing projected 'budget' for the forthcoming school year.

Sending the budget to the ESFA

The Governing Body shall submit to ESFA, in a form specified by ESFA:

- a single budget forecast return (BFR) in accordance with deadlines published annually. These will be approved by the trustees before submission.

Monitoring the budget

The Business Leader shall, each month, prepare management accounts setting out the financial performance and position of the academy, circulating these to the Chair of the Governing Body and the Chair of the Staff, Premises and Commerce, copied to all governors. The full board considers these when it does meet, and an appropriate minute made.

When considering the academy's finances, Governors shall ensure appropriate action is being taken to maintain financial viability including addressing variances between the budget and actual income and expenditure. The format of monthly management accounts shall include an income and expenditure account, variation to budget report, cash flows and balance sheet.

Reserves

Schools are expected to hold contingency reserves from their annual GAG funding or other income.

The purpose of holding a reserve is to:

- act as a contingency for unexpected expenditure;
- minimise the impact and transition of any reductions in funding or student numbers; and
- fund future expenditure related to the School Development Plan, strategic long-term aims and developments.



A contingency of free reserves is to be maintained of approximately £100,000 or 4% of the year's GAG funding (whichever is the lower).

Additional reserves may be set aside for significant projects that cannot be met by future income alone. The school may accumulate funds from private sources to defray for the benefit of the school as the Governing Body sees fit.

Cash management

The trust shall manage its cash position robustly, avoiding becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing which are set within the Academy Trust Handbook.

Investments

The Governing Body is not minded to invest academy funds. However, if it did do so then it would follow the Charity Commission's guidance: [CC14 Charities and investment matters: A guide for trustees](#). ESFA's approval would be obtained for [novel, contentious and/or repercussive investments](#).

Bank Accounts

Walkwood Academy has three bank accounts, all with Lloyds.

Main Account: Walkwood Academy Trust, t/a Walkwood Church of England Middle School

The account signatories are named in Appendix B.

All cheques are authorised with two signatures. Signatories may not sign a cheque reimbursing themselves.

The Business Leader must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the Academy's cash book;
- reconciliations are reviewed and signed by the Principal, or an Assistant Principal;
- issues are dealt with promptly;
- remittances and receipts are retained and matched to statements.

The Academy has a charge card with the Business Leader and the Principal as card holders.

Journals

All journals of a value of £100 and over are authorised by one of the school signatories.

Inventory Control

As a minimum, an inventory of all stock within the school over the value of £100 per individual item is kept by the post holder responsible for Resources. A record of items purchased is to be entered on a register. For each piece of equipment a record is to be kept of:

- Serial number (where applicable)
- Cost
- Date of purchase
- Location
- Person responsible
- Items transferred, disposed of, stolen or damaged



- Company where goods purchased from.

Information concerning equipment can be retrieved from the database for different purposes, for example, all electrical items for an electrical safety check.

The annual check of equipment is carried out by the IT Technician and Site Manager, monitored by the Business Leader, with the managerial assistance of department heads. All items are recorded on Inventory Control.

All items should be visibly marked as the Academy's property and stored correctly and securely.

Approval to write off/dispose of items must be sought from the Business Leader.

Procurement and spending decisions

The academy trust shall ensure that public funds have been used as intended by Parliament.

Procurement basics

The Academy achieves the best value for money it can from all their purchases, whether goods or services. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account associated costs such as supplies and maintenance. A large proportion of purchases will be paid for with public funds and the Academy needs to maintain the integrity of these funds by following the general principles of:

Probity It must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy

Accountability The Academy is publicly accountable for its expenditure and the conduct of its affairs

Fairness That all those dealt with by the Academy are dealt with on a fair and equitable basis

Setting pay

The Governing Body shall ensure its decisions about levels of pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of an individual's role and responsibilities. No individual can be involved in deciding their remuneration.

It shall discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:

- process – that the procedure for determining pay and benefits, and keeping them proportionate, is agreed by Governors in advance and documented;
- robust decision-making – factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been taken into account through performance appraisal;
- documentation – the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained
- proportionality – pay and benefits represent good value for money and are defensible relative to the public sector market;
- independence – decisions about executive pay and benefits reflect independent and objective scrutiny by the board and that conflicts of interest are avoided;
- commercial interests – ensuring the board is sighted on broader business interests held by senior executives, and is satisfied that any payments made by the trust to executives in



relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction;

- 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.

Severance payments

The Trust shall get prior permission from the Education and Skills Funding Agency (ESFA) before making any special staff severance payments where:

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

A 'special' severance payment is one that "doesn't correspond to an established contractual, statutory or other right." The following are examples:

- Payments reached under a settlement agreement
- The value of any benefits or allowances that continue beyond the employee's agreed exit date
- Write-offs of any outstanding loans
- Any special leave, including gardening leave
- Any honorarium payments or gifts
- Any hardship payments
- Any payments for the purpose of retraining related to the termination
- Compensation in lieu of notice (CILON)
- Payments agreed as part of judicial or nonjudicial mediation

Publication of executive pay

The academy shall publish 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. Trusts may wish to display this information in a tabular form showing in each column salary, pension etc. Where the academy trust has entered 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 must also be included in the website disclosure where payment exceeds £100k as if they were an employee.

Informing budget holders

Budget holders will be informed of their Department budget at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A memorandum will be given to each budget holder at the end of each month detailing expenditure to date.

Budget holders should present their orders to the Finance Staff for processing. Orders will then be presented to the Principal or in his absence, the Assistant Heads for authorisation via Xero. The purchase order will then be despatched to the supplier. Details of the order will be retained in the office.

It is possible to order items via the telephone/internet using the Academy Charge Card. In this instance the Business Leader authorises the order using the card number.

Petty Cash

The school does not hold petty cash.



Receipt of Goods

When goods are received they should be checked immediately. On receipt the Finance Staff processes the invoice. Should an invoice not balance with the cost of the order the item is queried until authorised for clearance by the Principal.

All invoices are held in the school.

Borrowing

The academy will seek Education & Skills Funding Agency'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, and regardless of the interest rate chargeable.

Leases

There are 2 types of lease:

- Operating leases: these do not represent borrowing.
- Finance leases: these are a form of borrowing.

The academy does not require ESFA's approval for operating leases except for some transactions relating to land or buildings.

The academy must obtain ESFA's prior approval for the following leasing transactions:

- Taking up a finance lease on any class of asset for any duration from another party (borrowing)
- Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven years or more
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

The academy must ensure that any lease arrangement maintains the principles of value for money, regularity and propriety whether or not ESFA's prior approval is required. The academy will seek advice from our professional financial adviser and / or external auditor if we are in any doubt over whether a lease involves an element of borrowing.

Tenders/Contracts

For the supply of goods or services :-

up to £5,000

For expenditures up to £5,000, value for money shall be maintained. Costs of goods and rates for services shall be reviewed a minimum of once every 3 years. For example, catalogue pricing may be used.

£5,001 - £20,000

Minimum of 3 written quotations must be obtained based on written specifications. Quotations to be retained.

£20,001 – £50,000

Minimum of 4 formal tenders or written quotations to be invited and must be retained.

£50,001 – EU Threshold

Minimum of 4 formal tenders to be invited and retained.



Unsuccessful tenders/quotes must be retained for a minimum of one year following completion of the contract. Successful tenders/quotes and supporting documentation showing the decision making process are retained for six years following completion of the contact.

In the event of insufficient suitable suppliers or time constraints regarding particular works this process can be amended with approval from the Principal and SPC Committee.

Forms of Tenders

Open Tender

All potential suppliers are invited to tender. This is the preferred method of tendering as it is most conducive to competition and the propriety of public funds.

Restricted Tender

Suppliers are invited to tender. This may be appropriate where there is a need to maintain a balance between the contract value and administrative costs; a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy's requirements.

Negotiated Tender

The terms of the contract may be negotiated with one or more chosen suppliers. This may be appropriate in specific circumstances such as those listed below:

- the above methods have resulted in either no or unacceptable tenders;
- only one or very few suppliers are available,
- extreme urgency exists,
- additional deliveries by the existing supplier are justified

Guidance for Tenders

When considering a tender full consideration should be given to:

- Objective of the project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract
- Legal Obligations

It may be useful after all the requirements have been established to prioritise them.

If a restricted tender is to be used, then an invitation to tender should be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry. An invitation to tender may include the following:

- Introduction to the project
- Scope and objectives
- Technical/specification requirements
- Implementation
- Terms and conditions of tender, and
- Form of response.

The following aspects should be considered:



- Financial
- Technical and suitability
- Pre sales service
- After sales service
- Status of supplier, e.g., financial

An invitation to tender should state the date and time by which the document should be received by the Academy. Documents should be submitted in plain envelopes clearly marked only with the name of the prospective project/service and with nothing to identify the sender. The envelopes will be time and date stamped on receipt and stored securely until after the submission deadline. All tenders submitted should be opened at the same time with two members of the Academy present and the details recorded.

The evaluation process should involve at least two members of the Academy. Those involved should disclose all interests which may impact on their objectivity. There should be no conflict of interest.

Full records must be kept of the process.

Purchase of alcohol

The academy shall not purchase alcohol for consumption with its funds, except where it is to be used in religious services.

Income

The main sources of income for the Academy are from the DfE and Worcestershire County Council. The receipt of these sums are monitored directly by the Business Leader. The Academy also receives income for catering, music tuition, trips and events and lettings customers.

The academy trust should set fees for its chargeable services at full cost, but can apply an additional rate of return when in a commercial environment.

Trips and Events

A lead teacher must be appointed to manage and take responsibility for the trip or event. The lead teacher will inform the Finance Office with a list of all pupils who will be attending the event or trip. Pupils will make payments to the Academy either via the online payment system or via the school post box. The Finance Office will maintain an up to date record of payments.

Lettings

The income received from Lettings Customers is either paid directly into the Academy's bank account or via cheque. The Finance Office is responsible for recording the payments.

No debts should be written off without the approval of the SPC Committee.

Cash Management

The Academy has a safe which is stored in a secure location. There are two keys to the safe, one held by the Business Leader the other by the Principal.

The maximum amount of Academy cash to be held at any one time is as follows:

By a class teacher, e.g., in a locked desk	£5.00
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In the locked cupboard situated in the Finance Office	£20.00
In the safe	£5000.00 (max covered by insurance)

Gifts

Any gift to an individual between £15 and below £30 is to be reported to the Business Leader and is to be included in the gifts register.

Any gift or token that would meet or exceed the value of £30 must be refused.

Prizes to pupils will not exceed £25 for a single item.

Risk management

Oversight of risk and the risk register

The trust shall manage risks to ensure its effective operation, covering the full operations and activities of the trust, not only financial risks. The Business Leader shall maintain a risk register which will include contingency and business continuity planning.

Overall responsibility for risk management, including ultimate oversight of the risk register, **must** be retained by the board of trustees, drawing on advice provided to it by the audit and risk committee. Other committees may also input into the management of risk at the discretion of the board.

Aside from any review by individual committees, the board itself shall review the risk register at least annually.

The risk protection arrangement

The academy trust is a member of the academies risk protection arrangement (RPA), accepting that not all risks are covered in the risk protection arrangement.

Internal scrutiny

The need for academy trusts to conduct checks to ensure systems are effective and compliant is acknowledged and so internal scrutiny will provide independent assurance that the academy's financial and non-financial controls and risk management procedures are operating effectively.

Approach

When seeking internal scrutiny, the remit will include:

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

The trust shall identify on a risk-basis (with reference to its risk register) the areas it will review each year.



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

The function of the audit and risk committee will be met by the Staff, Premises and Commerce committee.

The academy trust will deliver internal scrutiny by buying-in internal audit service from a firm, other organisation or individual with professional indemnity insurance.

In appointing a suitable person or company, the academy notes that the Financial Reporting Council's [Ethical Standard](#) states that a firm providing external audit to an entity shall not also provide internal audit services to it.

Annual accounts and external audit

The audited report and accounts shall be:

- submitted to ESFA by 31 December;
- published on the trust's website by 31 January;
- filed with Companies House under company law, usually by 31 May;
- provided to every member (under the Companies Act);
- provided to anyone who requests a copy.

Appointment of external auditors

Under the [Companies Act 2006](#), academy trusts must appoint an auditor to give an opinion on whether their annual accounts present a true and fair view of the trust's financial performance and position (appointment being by the members, other than where the Companies Act permits the trustees to appoint – for example for the trust's first period of account).

The academy trust shall retender their external audit contract at least every five years and applying the appropriate criteria as set by the Education & Skills Funding Agency at the time of tendering.

Delegated authorities

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 must obtain prior [ESFA](#) approval, regardless of the source of funds. A schedule of delegated authorities is given within the Academy Trust Handbook.

The Business Leader must also refer to the aforementioned handbook when any of the following are being considered:

- staff severance payments;
- compensation payments;
- ex-gratia payments .

The academy trust will obtain the Education & Skills Funding Agency's prior approval for the following transactions beyond the delegated limits in the handbook: writing-off debts and losses; and entering into guarantees, letters of comfort or indemnities.



Indemnities

The Trust will seek approval from the Education & Skills Funding Agency if the contract is 'novel, contentious or repercussive,' which the ESFA defines as:

Novel - a transaction in which your trust has no experience or is outside its range of normal business

Contentious - a transaction that might cause the trust to be criticised by parliament, the public or the media

Repercussive - a transaction that's likely to put pressure on other trusts to do the same things, creating wider financial implications

Fixed Assets

Asset Register

All item purchases with a value over the Academy's capitalization limit of £2000 must be entered in an asset register. This will be done by the Business Leader on a monthly basis. Items over the value of £2000 that are built and a fixture and fitting need not necessarily be included as a capital item. Items purchased over the value of £2000 that are not fixed are to be included. The asset register should include the following information:

- Asset description
- Date of acquisition
- Asset cost
- Depreciation
- Current book value

Depreciation

Depreciation on assets is as follows:

- | | |
|---------------------------------|--------------------|
| • Buildings | 0.8% straight line |
| • Land | 0.8% straight line |
| • Motor Vehicles | 25% straight line |
| • Furniture & Equipment | 25% straight line |
| • Computer Equipment & Software | 33% straight line |

No depreciation is provided on freehold land. Depreciation on assets in the course of construction is not charged until they are brought into use.

Disposals

Asset items which are to be disposed of by sale or destruction must be authorized for disposal by the SPC Committee and, where significant, should be sold following competitive tender. The Academy must see the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid. If disposals within one financial year (September to August) collectively originally attracted a grant of more than £20,000, then the Academy Trust must inform the DfE.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment. Complications could arise with the disposal of computer equipment, as the Academy would need to ensure licenses for software programmes have been legally transferred to a new owner.



The Academy is expected to reinvest proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the DfE a proportion of the sale proceeds.

All disposals of land must be agreed in advance with the Secretary of State.

Items of Academy property must not be removed from Academy premises without the authority of the Head of Department. A record of the loan must be recorded by the Head of Department and passed to the Business Leader.

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

Fraud, theft, irregularity and cybercrime

Fraud

The academy trust is aware of the risk of fraud, theft and irregularity and address it by putting in place proportionate controls.

The Board of governors shall notify the ESFA as soon as practically possible, of any 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, shall also be reported. The Principal will inform both the Chair of the Governing Body and the Chair of the Staff, Premises and Commerce committee.

The following information will be identified:

- 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.

Cybercrime

The academy trust is aware of the risk of cybercrime and has put in place proportionate controls and take appropriate action where a cyber security incident has occurred.

Retention of records

The academy shall retain records to verify provision delivered by it, or its subcontractors, in relation to the Academy Trust Handbook and its funding agreement, at least six years after the period to which funding relates.



Appendix A

Glossary

Academic year	The 'school year' from 1 September to 31 August.
Academy trust	The company having a funding agreement with the Secretary of State to run one or more academies.
Accounting officer	The academy trust's senior executive leader, accountable for value for money , regularity and propriety . In SATs, this should be the principal. In trusts with multiple academies, it should be the chief executive or equivalent.
Accounting officer's statement on regularity, propriety and compliance	The accounting officer must complete and sign this statement in the trust's annual accounts.
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.
Asset	Anything capable of being owned or controlled to produce value and held to have positive economic value. Can be 'revenue' (e.g. cash) or 'capital' (e.g. a building).
Balanced budget	A budget setting out projected income and expenditure drawing on unspent funds from previous years as necessary. Trusts do not have to balance income and expenditure in each year to zero and can carry forward unspent GAG (if eligible).
Board	The academy trust's board of trustees. In some academy trusts, such as church academies, those on the board are known instead as directors.
Capital	Capital assets or funding are those from which an entity expects to derive benefit for more than one year: typically land, buildings, vehicles and information technology. They are usually called fixed assets.



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 Leader or equivalent.
Companies House	The Registrar of Companies, which incorporates and dissolves companies, stores company information and accounts, and make this publicly available.
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.
Education and Skills Funding Agency (ESFA)	An executive agency of the DfE acting as agent of the Secretary of State.
Effectiveness	Obtaining the desired outcome.
Efficiency	Obtaining the best possible outcome for the resources input.
Exempt charity	An exempt charity does not have to register with the Charity Commission . The principal regulator of exempt trusts is DfE. Exempt trusts still need Charity Commission’s approval for some transactions e.g. trustee payment for work as trustee.
Financial management and governance self assessment (FMGS)	A return to ESFA by new academies and trusts, where they self-assess their financial management arrangements.
Financial year	For academy trusts, the same as the academic year, from 1 September to 31 August.
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.



<u>Going concern</u>	An entity is a going concern unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. Assessing an entity's ability to continue to adopt the going concern basis of accounting involves considering a period of at least 12 months from the date the annual accounts are authorised.
Principal	The head teacher of an academy and the senior executive leader of a single academy trust.
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.
Public funds	Funds deriving from parliamentary authority. All academy trusts' income, expenditure, assets and liabilities are consolidated into a sector account and will be considered by Parliament to be public unless otherwise demonstrated.
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.
<u>Risk protection arrangement</u>	An alternative to insurance for academy trusts where losses are covered by government funds.
Secretary of State	The Secretary of State for Education.
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.



Statement of Recommended Practice (SORP)	The Charity Commission document describing the format of charity accounts.
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.
Whistleblowing	When an employee reports suspected wrongdoing at work and makes a disclosure in the public interest, under the protection of the Public Interest Disclosure Act 1998 .



Appendix B

Bank account signatories

Principal	Clive Leach
Assistant Principals	Louise Cull
	Simon West
	Dani Timmins
	Mary Johnson
Business Leader	Ash Hewitt



Appendix C

Ten tips to prevent fraud

There are ten simple tips to reduce the risk of fraud to help keep the school, staff and pupils safe.

1. Be sceptical

If it sounds too good to be true, it probably is. All:

- opportunities
- documents
- transactions
- information

must be thoroughly known.

2. Know the Academy inside out

It is important to have a thorough understanding of the school so it is known:

- how it operates
- the staff employed
- the education it provides
- the legal and regulatory obligations

This will help realise immediately when something isn't right.

3. Know the school's customers and suppliers

Any business request or transaction that looks wrong for that customer or supplier may be fraudulent. Conduct due diligence using a risk-based approach, such as checking the customer or supplier details on file, as well as online searches.

4. Identify areas where the Academy is vulnerable to fraud

A fraudster might target the school, both internally and externally, and test the systems already used to reduce risk. Make sure staff know those systems and regularly review them.

5. Develop a strategy and talk about fraud

The right fraud prevention and detection strategy for the school should detail controls and procedures. Staff will look to the Principal, the Senior Leadership Team and Governors for guidance to acceptable behaviour. Fraud should be discussed with staff, suppliers and other contacts. Staff need to understand the risks and how losses affect the school and themselves.

6. Take extra care against cyber attacks

With increasing threats from cybercrime, the school's technology must be protected against attacks. Systems must be backed up in case they go wrong.

7. Understand school finances and processes

Understand how money leaves the school, including:

- methods of payment
- who has authority to make those payments
- who checks payments are legitimate

Always check bank statements.

8. Secure and protect property

This includes laptops, computers, smartphones and intellectual property. Insurance should cover these items if they're compromised or stolen. Inventories must be used and maintained.



9. Develop an action plan

While prevention is better than cure, it's important to be prepared for the worst. Having an action plan in place will help limit losses to fraud and it should be considered when professional or legal advice is needed.

10. Always report fraud and get help

<https://www.actionfraud.police.uk/> is the UK's national fraud and cybercrime reporting centre. Information can also be received with respect to fraud and financially motivated internet crime. Report fraud to the police by calling 101 to speak to an operator.



Appendix D

Summary of freedoms and delegations

As these may vary from time to time, the delegations that are contained within the Academy Trust Handbook or by notification from the Education & Skills Funding Agency will apply.

Novel, contentious and repercussive	Novel, contentious and repercussive transactions	ESFA agreement required
Special payments	Staff severance and compensation	ESFA agreement required if £50,000 or more before tax
	Ex gratia payments	ESFA agreement required
Write-offs and liabilities (subject to £250,000 ceiling)	Writing-off debts and losses	ESFA consent required if the contract is 'novel, contentious or repercussive,'
	Entering into guarantees, indemnities or letters of comfort	
Acquisition and disposal of fixed assets	Acquiring freehold land/buildings	ESFA agreement required
	Disposing of a freehold on land/buildings	ESFA agreement required
	Disposing of heritage assets	ESFA agreement required
	Other disposals	Trust has full discretion
Leasing	Taking up a finance lease	ESFA agreement required
	Taking up a leasehold on land and buildings	ESFA agreement if lease term seven years or more
	Taking up any other lease	Trust has full discretion
	Granting a lease on land and buildings	ESFA agreement required
GAG	GAG carry forward	No limits if trust eligible
	Pooling by trusts with multiple academies	No limits (except PFI) if trust eligible
Borrowing	Loan, overdraft	ESFA agreement required
	Credit cards (for business use)	Trust has full discretion provided charges not incurred
Related party transactions	Supplies to the trust from related parties	ESFA agreement required over £20,000 and over associated limits

