



Aletheia
Academies Trust

Finance Policy

June 2026

Company Number:	07801612
Approved By:	Board of Trustees
Policy Type:	Statutory
Adopted On:	June 2026
Date of Next Review:	June 2027
Review Period:	1 Year



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A. Introduction

A.1. Constitution

A.1.1. Aletheia Academies Trust (AAT) is a multi-academy Trust, incorporated as a private company limited by guarantee and is an exempt charity. Its Memorandum and Articles of Association are the primary governing documents of the Trust.

A.2. Financial governance and regulation

A.2.1. The Trust is funded primarily through the Department for Education (DfE). The primary regulator for the Trust is the Secretary of State for Education acting through the DfE. The Trust enters into an annual funding agreement with the Secretary of State for Education and is subject to the provisions of that agreement and with the Academy Trust Handbook.

A.2.2. The Trust is also regulated by the Charity Commissioner and the Registrar for Companies for England and Wales.

A.2.3. The main governance and regulations for the Trust are set out below:

- Articles of Association
- Academy and free school: Master funding agreement
- Scheme of delegation
- Academy Trust Handbook (annual)
- Academy Trust governance guide
- Companies Act 2006
- Charities Act 2011

A.2.4. Other guidance includes:

- The essential Trustee: what you need to know, what you need to do (CC3)
- Internal financial controls for charities A3. Scope of these financial regulations



A.3. Scope of these financial regulations

- A.3.1. All staff across the Trust who have financial responsibilities and/or who incur expenditure on behalf of the Trust must follow the policy and procedures as set out in this approved document.
- A.3.2. These financial regulations follow on and provide operational detail to the documents, legislation and guidance as set out in section 2.3 to which these financial regulations are subservient. In particular, spending and approval limits in this document are subject to the overriding limits set out within the approved Scheme of delegation.

B. Roles and Responsibilities

B.1. Overview

- B.1.1. Aletheia's Board of Trustees bears the statutory responsibility for the governance and finances of the Trust. The Trustees delegate various duties to local governing boards, CEO and CFO, which is recorded in the scheme of delegation. The Accounting Officer has an overriding and personal responsibility for the stewardship of public funds.

B.2. Trust Board of Trustees

- B.2.1. The primary financial responsibilities comprise: setting a Trust-wide annual budget
- preparing the annual financial statements
 - receiving and approving management accounts
 - safeguarding assets of the Trust
 - setting a Scheme of Delegation
 - appointing an Accounting Officer

B.3. Audit and Risk Committee

- B.3.1. Responsibilities include:
- Act in accordance with agreed terms of reference
 - Operating in accordance with DfE requirements for an audit Committee



- Overseeing governance, financial management, risk management, internal controls and the value for money framework
- Ensuring compliance with legislation and the requirements of the Department for Education (DfE), including the application of the Academy Trust Handbook
- Recommending the appointment of external and internal auditors
- Approving an annual internal audit assurance plan
- Receiving external and internal audit reports and ensuring that agreed recommendations are actioned
- Reporting to the Board of Trustees on the operation of internal controls
- Setting the risk management policy for approval by the Board of Trustees to include receiving and reviewing the strategic risk register
- Setting the finance procedures and regulations for approval by the Board of Trustees

B.4. Finance Committee

B.4.1. Responsibilities include:

- Acting in accordance with agreed terms of reference
- Setting a stable, accurate and sustainable long-term financial strategy for the Trust that includes sustainable investment in the Trust's infrastructure, including buildings and IT
- Operating a reserves policy that aligns resources to expenditure priorities and that supports the maintenance of sufficient contingency to meet reasonably foreseeable urgent unplanned expenditure with sufficiently positive cashflows
- Reviewing the annual budget and three-year financial plan and recommending approval by the Trustees for onward submission to the Department for Education (DfE); this includes the setting of budget assumptions, KPIs and the budget framework across the Trust
- Monitoring of the annual budget across the Trust reporting any significant variances and potentially significant issues to the Trustees: this includes monitoring the application of and derived impact on pupil outcomes of the Pupil Premium, PE & Sports grants and similar premiums.
- Receiving the Trust's management accounts and cash position with recommendations for approval by the Board of Trustees.



- Ensuring that the Trust follows basic procurement rules and achieves value for money in the acquisition of goods and services: this includes approving high-cost expenditure, tenders and budget amendments in accordance with the Financial Scheme of Delegation
- Ensuring that the Trust operates sufficient internal controls for the strong management of financial and information systems: this compliance with the Academy Trust Handbook, other DfE rules and with companies & charity legislation.
- This includes the setting of appropriate finance policies as delegated by the Trustees
- Reviewing the annual financial statements and recommending approval by the Trustees.
- Reviewing and approving the School Resource Management Self-Assessment checklist for submission to the DfE
- Ensuring that a fixed asset register is maintained

B.5. Local Governing Bodies

B.5.1. Financial Responsibilities comprise:

- Being consulted on the preparation of annual academy budgets for approval by the Trustees
- Being consulted on the staffing structure for their academy
- Monitoring of academy budgets
- Be consulted by the Headteacher on local capital projects for recommendation to the Trustees
- Acting in accordance with the scheme of delegation



B.6. Academy Resources and Finance Committees

- B.6.1. The Trustees do not delegate any of their responsibilities to any sub-Committees of the local governing bodies.
- B.6.2. Local governing bodies may, where desired, form sub-Committees or groups of their members to consider and to report back to the full LGB, without delegation, on financial aspects of the LGB's responsibilities in further detail. This might include:
- Reviewing and commenting on the detail of proposed academy annual budgets
 - Monitoring the budget on a monthly basis
 - Considering audit recommendations and reports in so far as they relate to the academy.

B.7. Chief Executive Officer (CEO) and Accounting Officer

- B.7.1. The CEO acts as the Accounting Officer for the Trust. As Accounting Officer, the CEO has the overriding and personal responsibility for the stewardship of public funds and is directly and personally accountable to Parliament. The CEO has overall executive responsibility for the Trust's financial matters
- B.7.2. Financial and stewardship responsibilities include:
- Ensuring that the Trust operates efficiently, effectively and economically
 - The propriety and regularity of public finances (through the application of publicly funded grants)
 - Maintaining proper records and safeguarding assets
 - Ensuring that the four essential standards of regularity, propriety, value for money and feasibility are met for each initiative and activity

B.8. Chief Financial Officer

- B.8.1. The Board of Trustees has delegated responsibility for the strategic management of the Trust's finances to the Chief Financial Officer (CFO).
- B.8.2. Specific responsibilities comprise:
- Support the Trustees, their sub-Committees and the Accounting Officer in the fulfilment of their financial responsibilities
 - Providing sound advice to the CEO, Executive Team, Members and Trustees of the Trust, Headteachers and senior managers on financial matters



- Support the Finance Committee in their setting of a stable, accurate and sustainable long-term financial strategy for the Trust, providing appropriate and accurate financial data and intelligence
- Identifying, communicating and monitoring financial risks, maintaining a strategic risk register
- Attend Trustee meetings, Audit and Risk Committee, Finance Committee and also other Committee meetings as required
- Maintain banking arrangements and accounts
- Establish and operate in accordance with treasury, investment and reserves policies
- Lead in the preparation of Trust annual budgets and financial forecasts ensuring that they support and facilitate the strategy plans and improvement plans of the Trust and academies
- Lead the development of financial systems, controls and procedures
- Oversee and ensure a procurement process that demonstrates value for money and the proper use of Trust and public funds and meets the scheme of delegation
- Set the format of academy management accounts

B.9. Academy Headteachers and Heads of Schools

- B.9.1. Both Headteachers and Heads of Schools are termed “Headteachers” for the purposes of this document.
- B.9.2. The academy Headteachers are responsible for the finances for their academies.
- B.9.3. Responsibilities include:
- Advise and support the local governing bodies in the setting of academy budgets
 - Proposing the staffing structure for the Academy
 - Monitoring and control of academy budgets
 - Presentation of monthly management accounts to the local governing bodies and Board of Trustees
 - Support the CFO in his/her overall responsibility for monitoring budgets across the Trust
 - Sign-off Academy payrolls (unless centralised)



B.10. Trust Finance Operations Managers, School Business Managers and Finance Managers

B.10.1. Trust Financial Operations Managers, School Business Managers and Finance Managers are termed “Trust Financial Operations Managers” for the purposes of this document.

B.10.2. Responsibilities include:

- Support the academy Headteachers in the exercise of their financial responsibilities
- Prepare monthly management accounts and reconciliations
- Support the CFO in his or her responsibilities for the preparation of annual financial statements and monthly Trust management accounts.
- Support academy Headteachers and local governing bodies in the setting of academy annual budgets and with budget monitoring
- Ensure proper record keeping for and within academies
- Sign-off Academy payroll

C. Budgeting and financial planning

C.1. Overview

C.1.1. The annual budget should support the Trust and academies’ strategic and improvement plans. The budget will incorporate the current financial position, curriculum provision, staffing structures, changes in pupil rolls and support areas such as premises and IT.

C.2. Budget timetable

C.2.1. The current timetable is set out below.

February/March	Issue of funding allocations by the Department for Education (DfE) Budget assumptions and framework agreed by Trustees
April-June	Preparation of draft academy budgets Preparation of staffing and capital budgets
July	Approval of final annual budget by the Board of Trustees
August	Submission of the annual budget and financial plan to the DfE
September	Start of budget year



C.3. Budget assumptions and framework

C.3.1. The CFO will prepare key budget assumptions and framework working closely with the CEO. Once agreed by the Finance Committee, these will be used as a basis for preparing the academy and central budgets and shall be disseminated to local governing boards and Headteachers. Academy Headteachers will be consulted in the determination of the assumptions.

C.3.2. The budget assumptions will include:

- Current and prospective pupil numbers at each academy
- Funding grants and factors as set by the DfE
- Future funding rates, initially based on estimates
- Pyscales, responsibility allowances and pay increases
- Payroll on-costs (including NI and pension contribution rates)
- Energy and other premises related costs
- The determination of appropriate benchmarks

C.3.3. The budget framework will include:

- Central Trust top-slice contribution rates
- Surplus setting (as percentage of income) for academies •
- Set staffing ratios



C.4. Academy level budget setting

- C.4.1. The Headteacher is responsible for his/her academy budget.
- C.4.2. The local governing body will be consulted on the annual budget for their academy that has been prepared by the Headteacher. The academy budget will be submitted to the Board of Trustees for final approval and incorporation within the overall Trust annual budget.
- C.4.3. The Headteacher will be supported by the Trust Financial Operations Manager. The TFOM should consult with the CFO in the preparation of the academy budget.
- C.4.4. Local governing bodies will be consulted on an appropriate staffing structure proposed by the Headteachers. The cost of the structure will be incorporated within the annual budget.
- C.4.5. Deficit budgets for individual academies may not be set without the express and written approval of the Board of Trustees.
- C.4.6. The annual budget will be prepared with reference to KPIs and benchmarks set at Trust level.

C.5. Trust level budget setting

- C.5.1. Prior to the dissemination of budget assumptions and framework for use in the setting of academy budgets, they should be agreed by the Board of Trustees.
- C.5.2. The Finance Committee will advise the Board of Trustees on the following budget setting matters:
 - Appropriate budget assumptions and framework
 - That academy budgets are appropriate and follow Trustee set assumptions and parameters
 - That the central Trust budget is appropriate



C.5.3. The Board of Trustees review, approve and set the academy and central budgets taking account of recommendations and comments made by the Finance Committee and local governing bodies. The Board will be supported in this process by the CEO and CFO.

C.6. Academy level budget monitoring

C.6.1. The Headteachers are responsible for monitoring the budget for their academy supported by the Trust Finance Operations Managers. The Headteachers should notify the CFO of any variances against budgets that are likely to result in over-spends or income shortfalls by the end of the budget year.

C.6.2. The Headteachers are responsible for the academy monthly management accounts that are prepared by the Trust Financial Operations Manager. Monthly management accounts are reported to the local governing bodies.

C.6.3. Headteachers are responsible for the determination of outturn forecasts for each budget line on a set frequency (currently monthly).

C.7. Trust level budget monitoring

C.7.1. The CFO is responsible for budget monitoring for the central budget and across the Trust as a whole. The CFO will notify the CEO and Finance Committee of any emerging budget variances based on the significance to those parties.

C.7.2. The CFO is responsible for the production of monthly management accounts across the Trust ensuring that relevant information is set out in a relevant and comprehensible manner that supports the monitoring and decision-making responsibilities of the Board of Trustees and its Committees.

C.7.3. The Board of Trustees is responsible for budget monitoring across the Trust. They are supported by the Trust's Finance Committee and the CFO.

D. Spending Decisions

D.1. Use of Trust funds

D.1.1. Trust funds should be used in accordance with principles of value for money, probity, regularity and propriety. This is achieved by spending:

- Responsibly
- In accordance with procedures set out within this document
- Economically, efficiently and effectively



- In a manner that is not wasteful or extravagant
- On products or services of appropriate quality, quantity, price and timeliness
- In accordance with the purposes intended by Parliament

D.1.2. Fair consideration should also be given to health and safety, including safeguarding, when procuring supplies and/or services. It is essential to ensure compliance with the Construction (Design and Management) Regulations (CDM) 2015 when procuring services for construction works.

D.2. Authority to incur expenditure

- D.2.1. Expenditure should only be incurred in accordance with the Scheme of Delegation.
- D.2.2. Any expenditure is subject to the procurement process set out in this document.

D.3. Fraud and corruption

- D.3.1. The primary guidance and regulation in regard to fraud and corruption is set out in the Trust's Fraud policy. All staff should read and adhere to this policy.

D.4. Bursary policy

- D.4.1. The criteria for awarding and disbursements in respect of pupil bursaries (under 16-19 year-old funding framework) is set out on academy websites.



E. Procurement

E.1. Purchasing goods and services

E.1.1. The overriding principle is that all transactions must be approved prior to any commitment to purchase is made. The standard method for achieving this is through the use of purchase requisitions through the Trust finance system.

E.1.2. A purchase requisition can be created by a budget-holder or a staff member with delegated authority by the budget-holder. The requisition is subject to an approval process, as set out in the table below. Once approved, the finance team will issue an approved purchase order. The purchase order will normally be issued to a supplier by the finance team.

E.1.3. Purchase approvals and the procurement process is set out in this table.

Cost of goods or services	Approval required	Procurement process
< £5,000	Budget-holder	Value for money is sought (seeking alternative catalogue prices, supplier quotes)
£5,001 - £10,000	Headteacher (or senior executive)	Use of Trust approved suppliers Value for money is sought (seeking alternative prices, supplier quotes)
£10,001 - £25,000	Chief Finance Officer	Use of Trust approved suppliers Value for money is sought (seeking alternative prices, supplier quotes)
£25,001 - £50,000	Chief Finance Officer	Use of Trust approved suppliers Three recorded quotes
£50,001 - £100,000	Chief Finance Officer	Three recorded, competitive quotes
> £100,000	Chief Finance Officer and Chief Executive Officer	Full tender or approved framework
> £214,904	Finance Committee	Procurement Act procedure - Including: Competitive Flexible Procedure or approved framework



- E.1.4. A Single Source Agreement can be used when a service or purchase of goods is deemed to be too specific in which the need for tender is eliminated, up to the value of £150,000. This can be used either when contract consistency is being achieved across the Trust or when a service is supplier specific which doesn't allow for tendering to be possible. The Single Source Agreement form, held by the CFO, is to be completed when one or both of the above criteria is met. This must be approved by both the CEO and CFO, to ensure that firstly the Single Source Agreement route is most suited and there is still value for money being obtained. If value is greater than £100,000, Finance Committee will also need to approve.
- E.1.5. The Accounting Officer reserves the right to remove delegated powers from a Headteacher or Head of School with immediate effect following either (i) receipt of resignation (ii) commencement of a target setting/capability process (iii) breach of spending authority

E.2. Procurement Act 2023

- E.2.1. Procurement using government derived funds is subject to the Procurement Act 2023. The provisions of the Act came into effect on 24th February 2025.
- The current threshold for procurement is £214,904 for goods and services
- E.2.2. There are two primary procedures where the procurement thresholds are exceeded:
- i The Open Procedure
 - ii The Competitive Flexible Procedure (CFP)
- E.2.3. New exemptions have been set out for schools, academies and multi-academy Trusts.
- i For contracts (goods and services) below a set threshold (currently £214,904), the Trust's internal financial regulations apply, in place of the Act's more stringent regulations.
 - ii Schools and academies are exempt from publishing below threshold notices. For certain services less formal procurement processes can be applied. These include catering services.
 - iii The Act places a strong emphasis on identifying and mitigating conflicts of interest. Thorough assessments are required to ensure that no unfair advantages are granted to any suppliers.
- E.2.4. The main provisions of the Act as they apply to the Trust comprise:
- Move to Most Advantageous Tender to encourage value-based criteria over cost alone.
 - Encouraging the use of a Central Digital Platform to enable pre-qualification of suppliers.



E.2.5. The CFO should be consulted on the application of the Procurement Act on procurement exceeding £100,000 (incl VAT) in value. The procurement initiator should also liaise with the Operations Officer who will use, as prescribed, the Central Digital Platform which is the enhanced Find a Tender service.

E.3. Approved suppliers

E.3.1. Where possible, an approved supplier should be used. Where a suitable or appropriate approved supplier is not available, the proposed supplier must be set up on the finance system.

E.3.2. A new supplier form is required to be completed and approved prior to the set-up of a new supplier. The following information is required:

- Name of supplier
- Address of supplier
- Supplier constitution type (ie limited company)
- VAT registration number
- Supplier contact name and contact details
- Supplier's finance contact (email and telephone number)
- Main Trust contact name
- Category of goods and services
- Rationale for the use of this supplier
- What checks have been undertaken
- Budget-holder name and signature
- CFO or deputy name and signature

E.3.3. Where the proposed purchases made with this supplier will exceed £10,000 in a financial year, due diligence should be undertaken and recorded.

E.3.4. Due diligence will take the form of a credit check. For key suppliers (eg utilities, finance and main IT systems) there should be on-going monitoring through the credit check agency.

E.3.5. Change of bank details for suppliers should be approved by a Trust Financial Operations Manager before being updated on the finance system.



E.4. Competitive quotes

- E.4.1. Where required, competitive quotes should be sought from three suppliers. Where this cannot be reasonably achieved an explanation should be recorded and should be approved by the CFO (or deputy). Where a form has been set up for this purpose, it must be used.
- E.4.2. Suppliers should be provided with clear criteria for their quotes. This should include:
- Specification of the goods and services
 - Brief description of their intended use of purpose
 - Price
 - Discounts and any criteria for their use
 - Assurance of quality
 - When goods or services will be made available (delivery schedule)
 - Any ongoing costs and service requirements



- E.4.3. The budget-holder should record their decision and the rationale for this. This record and a copy of the quotes must be provided to the purchase requisition approvers and be retained by the central finance team. The CFO must satisfy him/her-self of the competitive process prior to final approval.
- E.4.4. Once a successful quote has been determined, a purchase order should be used and be issued to the supplier by the central finance team.

E.5. Competitive tender

- E.5.1. The CFO is responsible for ensuring that the appropriate tender process is followed.
- E.5.2. A specification and criteria for awarding a contract should be drawn up by the budgetholder, in consultation with the CFO or Operations Officer.
- E.5.3. Where available and appropriate, a DfE approved framework should be utilised. The framework will set out the process and requirements for each stage of the process. The framework process should be followed.
- E.5.4. Where a framework is not available and there is not a statutory requirement for an open tender, the budget-holder should determine a shortlist of suppliers to receive the invitation to tender (ITT). This shortlist must be approved by the CFO. At least three suppliers should feature on the shortlist. Any exception to this must be approved by the CFO and CEO.
- E.5.5. The invitation to tender (ITT) must include:
- Specification of goods or services
 - Timeline for the tender process
 - A matrix for prices (if not a single price)
 - Costs of any installation, delivery and after-care
 - Costs of any after-purchase support service or maintenance service
 - Methodology for asking questions / seeking clarification
 - Any set contractual terms (eg for ongoing support)
 - Awarding criteria (including scoring matrix)
 - The inclusion of any additional stage (eg presentation and/or question panel)



- E.5.6. Two staff members of the Trust are required for the opening of the tenders that should take place shortly after the set closing date. One of the persons should be the Head of Governance or CFO. A brief note of the tenders should be recorded to include the name of the supplier, documents submitted as part of the tender and the overall price.
- E.5.7. The tender evaluation and result should be approved by the CFO.
- E.5.8. Trustees must be informed of the tender process and should approve the outcome. This will usually be enacted by the Trust's Finance Committee. If no Committee meeting is available to approve the tender outcome, members of the Committee should be informed by email and their approval should be determined and communicated by the Chair of the Committee to the CFO.

E.6. Purchase Order Invoices

- E.6.1. Purchase invoices must be sent by the supplier direct to the Trust finance team. Where an invoice is sent to a member of staff, he or she should immediately forward it on to the finance team who are responsible for recording it accurately and in a timely manner on the Trust finance system.
- E.6.2. The budget-holder is responsible for ensuring that the goods or services are received or undertaken in full and to the expected quality. Deliveries of goods are usually accompanied by goods received notes. These should be checked to the actual goods delivered and approved accordingly. These checks should be undertaken, where practicable, by a person other than the person who placed the order. Any discrepancies should be followed up promptly with the supplier.
- E.6.3. On receipt of the purchase invoice the budget-holder should check for:
- For goods - that the quantity shown agrees to the goods received note or, if not sent, to a record of what was received. The unit prices and any discounts should be checked against the order. The quality of the goods should be verified.
 - For services - that the services have been completed according to any agreed payment schedule and specification.



E.6.4. Any discrepancies between the order and invoice must be notified to the central finance team. Once complete, the budget-holder should record his/her approval for the invoice to be approved for payment processing.

E.6.5. Where any discrepancy between the order and invoice amount exceeds 5% of the order value (subject to a maximum of £50), alternative approval must be sought for the difference ahead of payment.

E.7. Invoices without orders

E.7.1. Normally purchase invoices will be associated with purchase orders. For some services this will not be the case. These include:

- Services initiated through contracts (eg energy)
- Short-term agency staff
- Emergency repairs
- Rents and leases
- Rates
- Invoices raised by statutory bodies (eg DfE or HMRC)



E.7.2. Invoices without orders will need to be approved in accordance with the approval limits for purchase orders as they have omitted this stage.

E.8. Capital expenditure

E.8.1. For approved capital projects, the Operations Officer can authorise expenditure up to the value of £25,000. Other approval limits (detailed in the table above) still apply.

E.8.2. Capital projects are approved as part of the annual budget cycle. Additional projects should form part of the unallocated capital budget. The Finance Committee will need to provide prior approval for any additional capital projects or capital expenditure that will make the total capital expenditure exceed the annual budget.

E.8.3. Information regarding the allocation of Trust School Condition Allocation (SCA) funds is available within the AAT School Condition Allocation policy

E.8.4. Payment of purchase invoices

E.8.5. Purchase invoices are paid by BACS in accordance with the agreed terms of payment. The standard payment term for the Trust is 30 days from the invoice date. Any other payment terms should be agreed by the CFO, either when the supplier is set up (or updated) for specific supplier terms or for each invoice.

E.8.6. BACS payments require two electronic signatories for all transactions. They are authorised according to the following table.

Total of the payment run	Approvals - normal	Approvals - alternate
< £30,000	B Approvers	Trust Financial Operations Manager School Business Manager / Finance Manager / Headteacher / Head of School
> £30,000	A Approvers	CFO / CEO / Senior Executives



E.9. Procurement cards and online purchases

- E.9.1. Procurement cards will be issued by the CFO to named individuals as required
- E.9.2. Limits of credit for each card can be set individually according to need.
- E.9.3. Each member of staff who has a card issued to them is to be made aware of the limit of their individual card. They must sign an agreement which states they understand the conditions of issue.
- E.9.4. A PIN number will be issued to the individual card holder for their exclusive use for “chip and pin” transactions.
- E.9.5. Lost or stolen cards must be reported immediately to the CFO.
- E.9.6. Any staff member who has been issued with a card and subsequently terminates their employment with the Trust must return their card which will be destroyed on receipt.
- E.9.7. Any staff member who is found to be misusing the card in any way will have the card removed from them and appropriate action taken, i.e. a report will be made to their line manager for them to act upon e.g. disciplinary procedures may be applied.
- E.9.8. Receipts for all purchases must be submitted (VAT receipts where applicable) to the Academy Finance Office for reconciliation. Use of the credit card, should not be seen as a way to obviate the procurement/tendering processes, a requisition should be completed and value for money should be sought for all purchases.
- E.9.9. No cash withdrawals are allowed from the charge card.
- E.9.10. No personal purchases are to be made on the card.
- E.9.11. All receipts and invoices for purchases transacted by procurement card must be retained and sent on to the central finance team for processing.
- E.9.12. All charge cards will be paid off in full monthly by a direct debit charge to the current account. Procurement cards may be used by budget-holders up to £100 without prior purchase requisitions and further approvals.

E.10. Emergency Repairs (Premises related)

- E.10.1. Where an immediate or very short notice repair is needed to avoid disruption to education or further damage to the fabric of the Trust, the Director of Estates and Infrastructure may initiate emergency repairs that are not covered by an approved purchase order or that might lead to a budget over-spend. Within working hours, the Director of Estates and Infrastructure should consult with the CFO or CEO.

E.11. Emergency repairs (IT related)



E.11.1. Where an immediate or very short notice repair is needed to avoid disruption to education or further damage to the Trust's IT network, the Director of Estates and Infrastructure may initiate emergency repairs and/or purchases of vital equipment that are not covered by an approved purchase order or that might lead to a budget overspend. Within working hours, the Director of Estates and Infrastructure should consult with the CFO or CEO.

F. Income and Funding

F.1. DfE/LA grants

- F.1.1. The CFO is responsible for ensuring that the Trust and its member academies receive the correct funding allocations in respect of the pupil numbers and activities undertaken by the academies.
- F.1.2. The CFO will review the draft and final funding grant allocations. Any discrepancies will be raised with the DfE/LA and reported to the Headteacher / CEO as required. Where any data discrepancies arise, a business case will be prepared by the CFO to be approved and submitted to the DfE/LA.
- F.1.3. On a monthly basis, the Trust Financial Operations Managers will review remittances and receipts through the bank accounts to monthly schedules derived from the final funding allocations. Any discrepancies are to be notified to the CFO who will raise queries with the DfE/LA as required.
- F.1.4. The CFO is responsible for ensuring that any such terms and conditions of grants are met and with the CEO will identify and delegate responsibility for operational management to such managers as appropriate.

F.2. Capital and revenue grants not part of the original annual budget

- F.2.1. Where grants are allocated to the Trust (including its academies) after the annual budget has been set, the CFO will allocate an appropriate expenditure budget.
- F.2.2. Revised budgets will be submitted to Finance Committee for approval as soon as possible.

G. Commercial and trading activities

G.1. Lettings

- G.1.1. Each academy should adhere to the AAT Lettings policy that establishes the general conditions for letting the academy premises.



- G.1.2. Charges should be in line with the Trust's Charging and Remissions policy, which the Finance Committee reviews annually.
- G.1.3. The finance team should be made aware in a timely manner of sales invoices to be raised, to ensure timely collection of payments.

G.2. Catering

- G.2.1. Lunches, where not funded, should be paid for via the appropriate parent payment app.
- G.2.2. Hospitality requests should be approved by the appropriate budget-holder.
- G.2.3. Emergency repairs can be authorised by the Catering Manager with the approval of the Headteacher or member of the Trust's executive team.

In-house catering

- G.2.4. The catering manager is responsible for reconciling the online payment system to meals taken. The weekly reconciliation should be submitted to the central finance team for checking and recording. The finance team will provide details of income and catering related transactions for the purpose of preparing the reconciliations.
- G.2.5. Catering managers have the authority to order ingredients and consumables from approved catering suppliers without the need to raise purchase requisitions. Catering ingredient and consumables suppliers should be reviewed on at least an annual basis.
- G.2.6. Persons placing orders should not be responsible for checking the goods received notes for those orders.

Outsourced catering

- G.2.7. Only the Headteacher or Trust Financial Operations Manager may instruct the caterers to make changes to menus or other operations. Changes that affect catering contracts must be approved by the Operations Officer, in consultation with the CFO
- G.2.8. Invoices raised by the outsourced catering company should be reviewed by the Trust Financial Operations Manager and be approved based on assigned approval levels.

G.3. Trips and visits

- G.3.1. The trip leader should advise the finance team of the trip or visit providing the following details:
- Costs of venues, accommodation and travel
 - Details of any funding or academy subsidy
 - Payment and contact details for suppliers
 - Timings of payments, including deposits



- Parent payment schedules
- G.3.2. Scheduled payments can only be made once sufficient covering receipts have been received. Only the CFO can authorise payments in excess of receipts and funding.
- G.3.3. Any payments made should be confirmed to the trip leader who remains responsible for all aspects of the trip and visit, includes its finances.
- G.3.4. Receipts must be made through the Trust's online payment system or bank account. Any cash receipts should be placed immediately into an academy safe until they can be banked by the central finance team. All receipts should be banked without deduction for expenses.
- G.3.5. Where possible, for overseas or long-distance trips and visits, the trip leader should have access to a Trust procurement card for emergency use.
- G.3.6. For overseas trips, a contingency fund should be included in the calculation of costs for recharge to parents. Any unused funds must be returned to parents unless written permission has been given for an alternative use

H. Debt recovery and write-offs

H.1. Overview

- H.1.1. The Trust will pursue monies owed to it when reasonably recoverable.
- H.1.2. Collecting money from parents/carers is a sensitive area; we deal with issues of debt collection with sensitivity and confidentiality at all times.

H.2. Debt management

- H.2.1. The central finance team will undertake a process of credit management for the timely receipt and recovery of amounts due to the Trust.
- H.2.2. Emails and phone call reminders will be used for the first 30-day period following the due date. Thereafter, formal letters will be posted to the debtor, with copies also sent by email. After a period of two months, legal action or referral to a debt collection agency will be made where the debt exceeds £100 and the amount recoverable will be greater than the cost of the action.
- H.2.3. Where a non-parent debt remains unpaid after three months or is written-off, no further goods or services will be supplied to the debtor.
- H.2.4. The CFO or a designated member of the finance team will deal with any overdue local authority debts. The normal debt management process will not be used in this instance. Any local authority debt overdue by more than 30 days will be reported to the Finance Committee.



- H.2.5. Where an overdue debt is owed by a parent, the Headteacher should be informed prior to any credit management action aside from an initial reminder letter. The Headteacher may intervene to contact the parent or leave the debt management in the hands of the central finance team.
- H.2.6. Where an overdue debt from a parent is in respect of ongoing services (such as music tuition), that service should be discontinued until the debt is recovered. Where the overdue debt is less than £200, the Headteacher, at their discretion, may allow the service to continue. This is intended to avoid disruption to an educational activity.
- H.2.7. Children are not permitted to start a new term at a Trust nursery until the fees in respect of the previous term have been duly paid. The same principle applies to clubs and other extra-curricular activities.
- H.2.8. An aged debtor report will be included within the monthly management accounts.

H.3. Credit notes

- H.3.1. Where an invoice has been raised in error or the invoice contains an error, a credit note should be raised against the original invoice and a new invoice, if applicable, should be raised. The new invoice should bear a unique reference number.
- H.3.2. The CFO should authorise the issue of any credit notes.

H.4. Write-off of debts

- H.4.1. Where a budget-holder or member of the finance team becomes aware that a debt might not be recoverable, in whole or part, he/she should inform the CFO.
- H.4.2. Debts may be written-off if they are considered to be non-recoverable.

Write-off limit	Authorised by
< £1,000	CFO
£1,001 - £5,000	CFO and CEO
> £5,000	Finance Committee



H.4.3. Write-offs should be reported to the Finance Committee in the meeting following the writeoff.

I. Payroll

I.1. Staff starters and leavers

- I.1.1. Starters and leavers will only be processed in accordance with starter and leaver forms that have been duly approved by the Headteacher and Director of People and Culture.
- I.1.2. Staffing posts at each academy are determined by the Headteacher and agreed by the local governing board (within structure). These posts are recorded on the staffing budget for the year. Replacements for budgeted posts can be agreed by the Headteacher and Director of People and Culture.
- I.1.3. Where a new post is to be recruited, prior approval is also required from the CEO and CFO. Any budgetary implications are to be reported to the Trust's Finance Committee.

I.2. Agency staff

- I.2.1. Headteachers may authorise the appointment of agency staff to cover absent or vacant budgeted posts.
- I.2.2. Where agency staff are required outside of covering budgeted posts, the Headteacher will need to liaise with the TFOM regarding affordability.

I.3. Payroll administration

- I.3.1. The payroll should be operated in accordance with the payroll procedures.
- I.3.2. Any changes to standing data should be authorised by the Director of People and Culture. Changes to personal data should be notified to the People and Culture team by the employee.
- I.3.3. Changes to variable payroll data, such as payscale uplifts, responsibility allowances and increment changes should be notified to payroll by the People and Culture team.
- I.3.4. Timesheets, overtime and claims for the reimbursement of expenses should be approved by the budget-holder and Headteacher prior to submission to payroll.
- I.3.5. Changes initiated by HMRC or third parties such as the Student Loans Company and court orders should be made by the payroll administrator and the evidence retained within the employee's payroll file (or electronic equivalent).



I.4. Payroll approval and payment

- I.4.1. Once duly approved changes have been input, the monthly payroll should be processed and a trial payroll run report produced.
- I.4.2. Prior to the centralisation of the payroll function, academy trial run reports should be reviewed by the Trust Financial Operations Manager alongside the input documents with approval duly recorded. Once approved, the final payroll and payment should be approved by the Headteacher or CFO.
- I.4.3. The central payroll trial run report should be reviewed by the CFO alongside the input documents with approval duly recorded. Once approved, the payroll payment should be approved by the CFO.

I.5. Payroll postings

- I.5.1. The finance team should create a monthly payroll journal, which should be approved by a finance manager prior to its posting.
- I.5.2. The central finance team should ascertain the reasons for any variances from staffing budgets and record these for inclusion within management accounts.

J. Regulated transactions

J.1. Overview

- J.1.1. The Trust has autonomy over financial transactions that arise in the normal course of business. However, the DfE has set out certain transactions where delegated limits apply and DfE consent is required prior to their taking place. The DfE has set out specific guidance and such guidance and regulation takes precedence over the Trust's own financial regulations.
- J.1.2. The following table outlines the set limits of delegation. However, proposals for any transaction type (regardless of whether it falls within the exempt limits) must be notified to the CFO who will prescribe how and whether transactions should take place.

Type of transaction	Trust 's delegation limits before DfE prior approval is required
Novel, contentious and repercussive transactions	No delegation allowed
Staff severance and compensation	< £50,000 As per Academy Trust Handbook guidelines
Ex gratia payments	No delegation allowed
Writing off debts or losses	Individual write offs: lower of £45k or 1% of Trust income Cumulative: lower of £250k and 5% of income (lowered to 2.5% if Trust accounts are qualified)



Trust providing indemnities, guarantees or letters of comfort	Individual write offs: lower of £45k or 1% of Trust income Cumulative: lower of £250k and 5% of income (lowered to 2.5% if Trust accounts are qualified)
Acquiring freehold land and buildings	No delegation allowed
Disposing of a freehold on land and buildings	No delegation allowed
Disposing of heritage assets	No delegation allowed
Taking up a non-approved finance lease (ie not on the DfE's approved list)	No delegation allowed
Taking up a leasehold on land and buildings	Lease term < seven years
Granting of a lease on land and buildings	No delegation allowed
Loans and overdrafts	No delegation allowed
Supplies to the Trust from related parties	> £40,000 Approval Disclosure required ahead of transaction for all values to the CFO



J.1.3. Detailed guidance is set out in the annual Academy Trust Handbook.

K. Specific activities and expenditure types

K.1. Energy contracts

K.1.1. Energy prices can be volatile and the use of some form of forward contracts or frameworks to reduce risk is prudent. Contracts should be negotiated centrally by the CFO and Director of Estates and Infrastructure.

K.1.2. LASER offers a centralised procurement framework and consolidated billing.

K.1.3. An alternative is entering into an agreement with a broker who will run a tender process for forward or flexible cap contracts.

K.1.4. A complication with securing advantageous contracts is that quotes are typically shortlived (a matter of hours) and difficult to fit within a Trustee/Committee meeting timescale.

To accommodate this issue, the CFO should set out proposals to the Trust's Finance Committee to include a type of contract and broker and/or framework with proposed constraints regarding the length of contract, future start dates (ie how far forward to contract) and a price range. The CFO should act within these delegated limits and the quotes/contracts should be approved by both the CFO and CEO.

K.2. Leases

K.2.1. The CFO should evaluate, for any sizeable capital asset acquisition, how it should be financed. If leasing might be a suitable source of funding, the CFO should determine whether the use of Trust cash reserves or a lease is the optimum solution taking costs (investment income foregone vs interest charges) and cashflows into consideration.

K.2.2. The CFO or commissioning manager should obtain three written quotes, if possible, otherwise at least two. The CFO and CEO must approve the lease, if selected. The Trust's Finance Committee should be informed of any lease entered into and must give prior approval to any lease where the cost (total repayments over the term of the lease) exceeds £100,000.



K.3. Telephones

K.3.1. Where a mobile phone is provided to a member of staff any personal use that leads to an additional monthly charge should be reimbursed to the Trust. Similarly, where personal calls are made on a landline (or IP equivalent), any additional charges should be reimbursed to the Trust.

K.4. Travel and Expenses claims

K.4.1. Reimbursement for travel and mileage claims may only be made in respect of travel that is on legitimate Trust business.

K.4.2. Expense claims should be used for one-off claims and not as a way of avoiding the purchasing process.

K.4.3. Staff using their own vehicles for approved travel may claim mileage providing that the following conditions are met:

- If required, the vehicle has a valid MOT
- The vehicle is duly taxed
- The vehicle is insured for business use
- The driver has a full UK driving licence (any points or restrictions must be declared)

K.4.4. Mileage is payable at the following rates

Vehicle type	First 10,000 miles	> 10,000 miles
Cars and vans	45p	25p
Motorcycles	24p	24p
Bicycles	10p	10p



- K.4.5. Mileage should be accurately recorded and is subject to verification by the central finance team using a reputable source, such as Google maps. Staff may claim reimbursement of any associated costs such as tolls and parking.
- K.4.6. Staff are not permitted to drive with a pupil as the sole passenger in their own vehicle. Own vehicle journeys with pupils must be approved in advance by the Headteacher or a Deputy.
- K.4.7. Where staff use public transport, receipts should be obtained and submitted with the travel claim. The use of a taxi, Uber or similar must be approved in advance of the journey and is normally discouraged other than for shared journeys of short distances. Staff are expected to use discount cards, when owned.
- K.4.8. Claims for expenses, including travel claims must be approved prior to payment.

Claimant	Approver
Member of academy staff	Headteacher or Budget Holder
Headteacher	CEO or CFO
Member of central team	Senior Executive
Senior Executive	CEO or CFO
CEO	> £500 CFO, therefore Chair of Trustees
Head of Governance	CEO or CFO
Trustee	CEO or CFO



- K.4.9. Drivers of Trust owned vehicles may claim the reimbursement of fuel costs on presentation of the VAT receipt. Where the Trust has fuel cards, these should be used.
- K.4.10. Accommodation and subsistence expenditure must be approved in advance by a Headteacher or their Deputy. Senior managers and Trustees must seek prior approval according to the travel claim approval table above.
- K.4.11. Overseas travel, including education trips, must be agreed in advance by the local governing body. Overseas travel for reasons other than educational trips for pupils, should be considered for their value to the Trust, where not wholly funded through non-Trust sources. Staff extending or varying the arrangements for overseas trips for personal reasons, must reimburse the Trust for any additional costs.

K.5. Staff development or non-educational activities for staff

- K.5.1. Where group staff development takes place other than on designated staff development days, or that include a residential element, or that span more than one working day, prior approval must be obtained from the Headteacher or Senior Executive.
- K.5.2. Where non-school group activities are to be held during term-time or at a cost to the Trust, prior approval is required from the CEO or CFO.

K.6. Gifts and Hospitality

- K.6.1. See AAT Gifts & Hospitality Policy

L. Related parties and conflicts of interest

L.1. Overview

- L.1.1. The Trust, in fulfilling its fiduciary duties of transparency and value for money, must be mindful of potential conflicts of interest and in dealings with related parties.

L.2. Related parties

- L.2.1. The Trust may transact with a related party, linked by the nature of the institution or by a tie to a Trustee. This would include for instance where a Trustee is a director of a supplier. Particular care will be required to demonstrate that the transaction is conducted at arm's length and is visible and recorded. Such transactions will need to be disclosed in the annual financial statements of the Trust.
- L.2.2. Disclosure is required to the DfE ahead of any related party transaction taking place.
- L.2.3. Approval is sought for any transaction that exceeds £40,000 in one financial year.



L.2.4. Any related party transaction needs to be approved ahead of the agreement being entered into.

L.3. Register of Trustee and key management personnel interests

L.3.1. Trustees and key managers (Head of Governance, senior executives and Headteachers) must declare any potential conflicts of interest annually in a register of interests. Such declarations will include:

- Relationships or friendships with pupils or with the pupil's families
- Relationships with a member of staff or fellow Trustee
- Directorships
- Business interests of close relatives (including those of personal partners)
- Family or friendship ties to employees of suppliers
- External businesses or work including consultancy
- Work as a school improvement partner, Ofsted inspector or examiner



M. Fixed assets

M.1. Overview

- M.1.1. The Trustees have the duty to safeguard the assets of the Trust. This is enacted by delegating responsibility for the safe custody and physical control to the local governing bodies. Headteachers in turn are responsible for ensuring that fixed assets are monitored and physically controlled.
- M.1.2. The Chief Finance Officer (CFO) is responsible for ensuring that fixed assets are recorded on a fixed asset register, that this register is periodically verified and maintained such that it is an accurate record of the Trust's fixed assets.
- M.1.3. Fixed assets are defined as land and buildings, building improvements, furniture and equipment and IT software with an expected useful life that spans more than one financial year and that have a cost exceeding £10,000 per item

M.2. Fixed asset register

- M.2.1. The central finance team will maintain a fixed asset that records all fixed assets of the Trust.
- M.2.2. For each asset the following information will be recorded and updated on a regular basis, at least termly.
- Unique register item reference
 - Description of the asset
 - Serial number, if known
 - Location of the asset
 - Invoice reference
 - Cost
 - How the asset was funded
 - Date of purchase
 - Useful life
 - Accumulated depreciation at the start of the Trust year
 - Depreciation in the period/year
 - Accumulated depreciation at the end of the period/year
 - Whether the asset has been disposed of or written off



M.3. Depreciation

M.3.1. The useful life of a fixed asset will be set and recorded in accordance with the accounting policy of the Trust, as per the below table;

Asset Category	Depreciation Rate
Freehold Land	50 years
Land and Building Improvements	20 years
Furniture and Equipment	10-20 years
Computer Equipment	3 years
Motor Vehicles	5 years

M.3.2. Any exception to this in respect of specific assets must be approved by the CFO and reported to the Trust's Finance Committee.

M.3.3. Depreciation is calculated to recognise a periodic cost based on the difference between the cost of an asset and its value at the end of its useful life over the course of the useful life. This is usually an even, flat-rate charge for each accounting period. Unless otherwise recorded in the fixed asset register, the value of an asset at the end of its useful life will be presumed to be nil.

M.3.4. Periodic depreciation charges are recorded within the register and will be posted to the accounting system for each accounting period.

M.4. Fixed asset disposals

M.4.1. Approval is required for all disposals, which must be recorded in the fixed asset register.

Asset value	Approver
< £2,000	CFO
< £10,000	CFO and CEO
> £10,000	Trust's Finance Committee



M.4.2. Where fixed assets are considered to be obsolete or irreparable, this should be determined by the manager of the department responsible for that asset and confirmed by the Trust Financial Operations Manager.

M.4.3. If an asset does not have a future use within the Trust and has a value, it should be disposed of for the highest value that can reasonably be gained within a reasonable timescale.

Expected asset value	Method of disposal
< £100	May be offered to a member of staff
< £5,000	May be offered to a charity at a nil cost (with Headteacher approval) May be offered for sale on an internet site such as eBay through the central finance team
> £5,000	The Trust's Finance Committee to determine the method of disposal on the advice of the CFO



M.4.4. Where a fixed asset was funded through public funds, the disposal proceeds must be applied for capital purchases.

M.4.5. Where there are proposals to dispose of land or buildings, consent is required from the DfE. This consent may stipulate that the DfE retain part of the whole of the disposal proceeds. It is likely that any proceeds retained by the Trust will be conditional upon reinvestment in a specified asset (usually land or buildings).

M.5. Other assets (non-fixed assets)

M.5.1. Physical assets with a useful life extending beyond a year-end, with a value > £250 and that are considered to be portable and 'valuable' should be monitored by the appropriate departmental manager and may be recorded in a register that records a brief identifying description of the asset and its location.

M.5.2. IT assets should be recorded and monitored by IT managers.

M.6. Loans of equipment to staff and students

M.6.1. Loans of equipment to students should be recorded and monitored by the issuing department. Pupils in year 7 and above should sign a loan form.

M.6.2. Loans of equipment to staff must be approved by the Headteacher and be recorded in a register. The member of staff should sign an equipment loan form. In the case of IT equipment, the register and loan forms are the responsibility of the IT department with approval being given by IT managers.

M.6.3. Staff borrowing equipment are responsible for its security and for any damage through misuse.

N. Insurance

N.1. Insurance

N.1.1. The Trust subscribes to the government's Risk Protection Assurance (RPA) arrangement. New academies joining the Trust will move to RPA for their next first full financial year.



- N.1.2. The CFO is responsible for reviewing the risks of the Trust to assess the adequacy of cover provided by the RPA. Where the CFO finds that the cover is not adequate or needs enhancement, he or she will make a recommendation to the Trust's Finance Committee. This recommendation will be either to add to the cover using commercial insurance or to move entirely to commercial insurance.
- N.1.3. The CFO and Director of Estates and Infrastructure are responsible for arranging adequate insurance or RPA cover for the assets of the Trust. Particular care is required for estimating the value and replacement cost of buildings. The estimates for the insured value of buildings should be reviewed by the Trust's Finance Committee.
- N.1.4. The CFO and Director of Estates and Infrastructure will assess the RPA cover for cyber security (cyber incident cover) and make a recommendation to the Trust's Finance Committee if additional cover is warranted.
- N.1.5. RPA includes cover for pupil trips and visits. This includes overseas trips.

O. Banking and cash

O.1. Bank accounts

- O.1.1. Currently each academy within the Trust operates one or more bank accounts. This will transition to the sole use of central Trust bank accounts. At this point the individual academy bank accounts will be closed.
- O.1.2. In the interim, sweeps will be made from individual Academy bank accounts into the Central bank account to allow for treasury management.
- O.1.3. After the transition period, the operations of the Trust and its member academies will be managed through central bank accounts.
- O.1.4. Only the CFO or CEO may open a bank account for the Trust. Each bank account must be operated by more than one person.

O.2. Bank mandates

- O.2.1. Signatories for all bank accounts of the Trust will be in line with E8.6 for the online banking application.

O.3. Petty cash

- O.3.1. The use of petty cash is discouraged and should be replaced, where possible, by the use of procurement cards.



- O.3.2. Any requests for petty cash floats must be approved by the CFO. A named member of staff will be designated as the petty cash holder. Cash floats will be operated on an Imprest system. This means that any point the total cash and the totals of any receipts within a petty cash tin will be equal to the total authorised cash float. Periodically, the petty cash float will be checked by the holder together with another member of staff. Following this, the receipts for cash purchases will be submitted to the central finance team with the petty cash being topped up by the total of those receipts, if required.
- O.3.3. Staff reimbursed will either be processed via payroll or a BACS payment.
- O.3.4. Petty cash top-ups and processed cash receipts will be posted to a dedicated petty cash control account within the accounting system. This control account will be reconciled on a monthly basis.

O.4. Cash handling

- O.4.1. Cash handling should be kept to a minimum.
- O.4.2. Cash receipts (including occasionally cheques) may be used in the following activities:
- Catering (breakfasts and breaks)
 - School trips and visits
 - Uniform and kit sales
 - Music tuition
 - Fund raising



O.4.3. Cash should be counted (in a non-public area) by office staff, stored securely (usually in a safe) and should be banked intact at the earliest opportunity. A receipt, after counting, should be issued to the member of staff who collected the cash. The office staff must inform the central finance team of the banking and its purpose.

O.4.4. Where cash is collected against a debt, a receipt should be issued.

P. Financial procedures and processes

P.1. Overview

P.1.1. The Chief Finance Officer (CFO) is responsible for ensuring that the Trust maintains accurate finance records and strong internal controls

P.2. Segregation of duties

P.2.1. This forms an important part of the internal control framework. The basic principle is that no one individual can undertake the whole of a financial transaction or process. Persons responsible for approving a transaction, including payments, should not also process that transaction.

P.3. Reconciliations

P.3.1. Financial control is exercised through the maintaining and reconciliation of control accounts. The following control accounts are required to be maintained and reconciled on a monthly basis.

- All bank accounts, including treasury management accounts
- Petty cash
- Procurement cards
- Trade debtors
- Trade creditors
- Prepayments
- Accruals
- Payroll
- VAT
- Fixed asset registers (to Balance Sheet accounts)
- Other creditor and deferred income accounts



P.4. Prepayments and accruals

- P.4.1. Where a service or licence with a cost in excess of £1,000 extends beyond a month-end a prepayment schedule should be set up at the time that the requisite invoice is processed.
- P.4.2. Where a service or licence with an expected cost exceeding £1,000 is in use but where the invoice has not yet been received or processed an accrual should be created to record the expected cost for an accounting period to date.

P.5. Journals

- P.5.1. All journals prepared by finance staff must be reviewed by the CFO on a monthly basis.

P.6. VAT

- P.6.1. The CFO is responsible for regularly checking whether the Trust should be registered for VAT.

Where VAT Registered

- P.6.2. VAT is chargeable on non-exempt business supplies that cannot be zero-rated. The CFO will review sales invoices to ensure that the correct VAT treatment has been applied.
- P.6.3. The Trust reclaims VAT (input tax) from HMRC on all expenditure that is not related to business and trading activities. This is undertaken on a monthly basis via VAT returns. VAT is not recoverable on business activities (trading income). The calculation of recoverable VAT is based on an allocation basis agreed with HMRC, as advised by the Trust's external auditor.

Where non-VAT Registered



- P.6.4. The Trust reclaims VAT (input tax) from HMRC on all expenditure that is not related to business and trading activities. This is undertaken on a monthly basis using form VAT 126.

P.7. Internal audit

- P.7.1. As the Trust's annual income exceeds £50m, it must appoint an internal audit service. The internal audit service (IAS) is appointed by the Trust's Audit and Risk Committee.
- P.7.2. A three-year and annual internal audit plan is determined by the Trust's Audit and Risk Committee. The IAS plans its work by reference to the Trust's risk register and to obtain an adequate coverage of key financial and governance controls to enable it to issue an annual opinion.
- P.7.3. The IAS will undertake visits and desktop-based examination of evidence to evaluate financial and non-financial controls in the areas identified in the annual plan. The IAS will usually issue an assurance score and make recommendations for improvement. They then report to the Trust's Audit and Risk Committee.
- P.7.4. The CFO is responsible for ensuring that IAS recommendations are implemented and for tracking and reporting progress.

Q. Fraud

Q.1. Statement of intent

- Q.1.1. The Trust has a commitment to combat fraud. The fulfilment of this anti-fraud, corruption and bribery policy will assist in the delivery of more effective risk management.
- Q.1.2. The Trust is determined to demonstrate that it will not tolerate fraud, corruption or abuse of position for personal gain, wherever it may be found, in any area of academy activity.
- Q.1.3. Trustees consider that all instances of fraud, corruption and other dishonesty endanger the achievement of the Trust's policies and objectives as they divert its limited resources from the provision of education. There is a clear recognition that the abuse of Trust resources, assets and services undermine the Trust's reputation and also threatens its sound financial standing.



Q.2. Definitions

Q.2.1. Fraud is defined within the Fraud Act 2006 as:

- Deceiving through false representation;
- Failing to disclose information where there is a legal duty to do so;
- Abusing a position of Trust.

Q.2.2. The Trust takes the stance that fraud is deceitful, immoral, intentional and creates a financial gain for one party and a loss for another.

Q.2.3. Corruption is the offering, giving or accepting of any inducement or reward that is intended to influence the actions taken by the Trust or postholders.

Q.2.4. Bribery is defined by the Bribery Act 2010. It is inducement for an action that is illegal, unethical or a breach of Trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages.

Q.3. Culture

Q.3.1. The Trustees have determined that the culture and tone of the organisation will be one of honesty and opposed to fraud and corruption of any kind.

Q.3.2. The Trust expects that the Board, its Local Governing Bodies and employees at all levels will lead by example in ensuring adherence to legal requirements, financial rules, codes of conduct and prescribed procedures and practices.

Q.3.3. The Trust expects that individuals and organisations (e.g. partners, suppliers, contractors and services providers) with which it deals will act with integrity and without thought or actions involving fraud and corruption. Where relevant, the Trust will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption.

Evidence of such acts is most likely to lead to a termination of the particular contract and will normally lead to prosecution.

Q.3.4. The Trust recognises the importance of the seven principles of public life defined by the Nolan Committee 1995, and expects all Trustees, governors, employees and those acting as its agents to conduct themselves according to them. The seven principles are worthy of being read by all:

- **Honesty** – Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protect the public interest.



- **Integrity** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties
- **Selflessness** - holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.
- **Objectivity** - in carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Openness** - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands
- **Accountability** - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Leadership** - Holders of public office should promote and support these principles by leadership and example.

Q.3.5. Through observance of these principles the Trust requires the Trustees, governors, employees and its agents to be alert to the possibility of fraud, corruption and dishonesty in all their dealings.

Q.4. Preventing fraud and bribery

Q.4.1. The Trust requires that those employees responsible for its systems and procedures should design and operate systems and procedures which endeavour to minimise losses due to fraud, corruption and other dishonest action and abuse.

Q.5. Roles and responsibilities

Q.5.1. The CFO is responsible for:

- Assessing overall vulnerability to fraud
- Testing the internal control system (this may be undertaken through the internal audit service)
- Assessing areas of the Trust that are the most vulnerable to fraud.



- Designing financial processes and systems of internal control to minimise the risk of fraud and the potential effects of bribery.

Q.6. Raising concerns

- Q.6.1. Any allegations or concerns of suspected fraud should be reported to a Headteacher, CFO, CEO or to the Head of Governance. The CFO will notify the Chair of the Trust's Audit and Risk Committee.
- Q.6.2. Allegations involving the CEO or CFO will be reported to the Chair of the Trust's Audit and Risk Committee. Allegations involving governors or Trustees will be made to the accounting officer (CEO).
- Q.6.3. Subject to the judgement of the Chair of the Trust's Audit and Risk Committee, reported concerns will normally be initially investigated by the CEO or CFO, who will ascertain the facts, seeking advice from People and Culture and legal as necessary.
- Q.6.4. Where reported concerns allege serious financial irregularities, the Chair of the Trust's Audit and Risk Committee may instead instruct that they are investigated by the external auditor or are reported to the police.
- Q.6.5. Where concerns are investigated within the Trust. The investigation will:
- Gather factual information and reach an initial view as to whether further action is required.
 - Collect relevant evidence, interview all relevant people and analyse any related documentation.
 - Decide if the evidence suggests that the allegation or concern is proven.
 - Recommend any changes to the internal controls in light of the findings.
 - Determine whether the findings, conclusions and any recommendations arising from the investigation should be reported to the Chair of Trustees.
 - If further investigations are required, determine which outside agencies should be involved, e.g. auditors or the police.



- Q.6.6. The investigation findings should be reported to the Audit and Risk Committee.
- Q.6.7. Where any instances of fraud, theft or financial irregularity exceed £5,000 (individually or cumulatively over the course of a year), the Board of Trustees must report these to the Department for Education. The DfE may commission its own investigations and may involve other authorities, such as the police.