

Financial Procedures Manual

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1. Introduction

- 1.1. The purpose of this manual is to ensure that the Propeller Academy Trust (PAT) maintains and develops systems of financial control which conform to the requirements both of probity and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's funding agreement with the DfE.
- 1.2. The Propeller Academy Trust must comply with the principles of financial control outlined in the Academy Trust Handbook published by the Education & Skills Funding Agency (ESFA). This manual expands on that and provides detailed information on the Propeller Academy Trust's accounting procedures. The manual should be read by all staff involved with financial systems.
- 1.3. The manual covers the following associated finance related policies;
 - Accounting
 - Reserves
 - Investments
 - Charging and Remissions
 - Lettings
 - Directors' Expenses
- 1.4. These procedures relate to all of the Trust's schools. Adherence to the principles and procedures contained in this manual is mandatory for all staff.
- 1.5. Compliance with this manual is mandatory and any contravention of procedures must be brought to the attention, in the first instance of the Headteachers and / or the CEO/COO.
- 1.6. All staff who deal with financial matters are trained in the appropriate procedures and a business continuity plan (BCP) is in place to ensure key functions can be covered at all times.
- 1.7. All staff are aware of the Trust's Whistleblowing Policy and to whom they should report any concerns including malpractice and wrongdoing. Any significant financial irregularity will be reported to the DfE.
- 1.8. Trustees, acting through the Finance, Audit and Risk Committee annually review procedures for financial systems across the Trust drawing on advice and observations from the CEO, External auditors or Internal Scrutiny specialists.
- 1.9. Self- assessments of the financial administration and management within the schools are carried out by the Accounting Officer, Headteachers, COO and the Local Governing Bodies which then report to the Trustees annually via the COO (CFO) or CEO (AO).
- 1.10. This policy is designed to be consistent with:
 - ESFA Financial Handbook
 - Trust Articles of Association

- Master and Supplemental Funding Agreements
- Companies Act 2006
- Scheme of Delegation

2. Organisation

- 2.1. The Trust has defined the responsibilities of each role involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees and staff. The financial reporting structure is outlined below and should be read in conjunction with the Trust Scheme of Delegation.

The Board of Trustees

- 2.2. The Board of Trustees has overall responsibility, delegated to the CEO and COO, for the administration of its academies' finances and the effectiveness of internal controls.
- 2.3. The main responsibilities of the Board are prescribed in the Trust's Articles of Association, its Constitution and in the Funding Agreement between the Trust and each of its academies with the Department for Education (DfE).
- 2.4. These responsibilities in relation to financial matters include:

2.4.1 The Board of Trustees

The Board is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:

- finance policy development and strategic planning
- ensuring sound management and administration of the Trust and its academies
- ensuring compliance with general legislative requirements
- establishing and maintaining a transparent system of prudent and effective internal controls through the Scheme of Delegation
- management of the Trust's financial, human and other resources, delegated to the CEO
- monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon
- assessment and managing risk, (including the preparation of a statement on academies risk management, for its annual report and accounts)
- the delegation of authority to a committee, the CEO, COO or Headteacher
- the establishment of a Scheme of Delegation
- the establishment of Terms of Reference for committees with delegated authority

2.4.2 Finance Audit and Risk (FAR) Committee

The Board of Trustees have established the FAR Committee who have delegated authority to undertake a range of delegated tasks, as laid out within the FARC Terms of reference (Appendix 2), to ensure sound management of the Trust finances and resources, including proper planning, monitoring and probity; most particularly by:

- assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds
- promoting a climate of financial discipline and control to reduce or eliminate the opportunity for financial mismanagement.

The Committee is also responsible for scrutinising the Trust and School budgets and finance, risk management arrangements, most particularly by:

- improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board
- promoting the development of risk management systems which will help satisfy the board that the Trust and its Schools will achieve their objective and targets and are operating:
 - in accordance with any statutory requirements for the use of public funds
 - within delegated authorities laid down by Board of Trustees
 - in a manner which will make most economic and effective use of resources available.

The Local Governing Bodies (LGB's)

2.5. Each school in the Trust has its own Local Governing Body. The main financial responsibilities of the Local Governing Bodies are to:

- review the annual budget for the individual school by reviewing reports from the budget forecasting software and make recommendations for approval to the Board of Trustees in accordance with the Scheme of Delegation
- monitor the actual income and expenditure against the approved budget for the individual school by reviewing management accounts and other reports produced directly from the financial management system (PSF) and report to the Board of Trustees
- participate in the procedures for appointing staff and determining their pay and contractual terms at their individual school in accordance with the Scheme of Delegation
- ensure that expenditure relating to ring fenced grants; including sports and pupil premium, and capital investment has been correctly expended.

The Chief Executive Officer (CEO)

2.6. The Chief Executive Officer (CEO) is the Accounting Officer with responsibilities as described in the Academies Financial Handbook.

2.7. The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he / she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety or regularity.

2.8. The main responsibilities of the CEO include:

- the regular monitoring of actual expenditure and income against budget
- ensuring the annual accounts are produced in accordance with the requirements

- of the Companies Act 2006 and the DfE guidance issued to academies
- ensuring that the regular reports provided to the Board are timely and accurate
- authorising orders and the award of contracts within the approval limits shown in Appendix 1
- authorising payments within the approval limits shown in Appendix 1
- authorising changes to the Trust's personnel establishment.

The Trust's Headteachers

2.9. Within the framework of the Trust's Scheme of Delegation, each Headteacher has overall executive responsibility for the schools' activities, including financial activities. The Headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment and within the Scheme of Delegation, except for the Deputy Headteacher for which the Board of Trustees have delegated approval to the LGB
- authorising orders and the award of contracts within the approval limits shown in Appendix 1
- authorising payments within the approval limits shown in Appendix 1
- ensuring the delivery of the school's annual budget as approved by the Trust
- monitoring the regular budget reports and acting on overspends or risk.
- ensuring returns to ESFA and other funding agencies are completed correctly and on time
- ensuring returns to statutory agencies are completed

The Chief Operations/ Chief Financial Officer (COO/ CFO)

2.10. The CFO works in close collaboration with the CEO through whom he or she is responsible to the Trust board. The CFO has direct access to the Board.

2.11. The main responsibilities of the CFO are:

- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying records
- the development and preparation of budgets and medium-term financial plans
- ensuring returns to ESFA and other funding agencies are completed correctly and on time
- the development of medium-term financial planning
- ensuring returns to statutory agencies are completed
- cash flow and treasury management including managing investments
- authorising orders and the award of contracts within the approval limits shown in Appendix 1
- authorising payments within the approval limits shown in Appendix 1

2.12. The CFO need not discharge all their duties personally. The trust may decide that its needs are adequately served by employing staff or contractors with relevant skills and knowledge at the appropriate time.

Internal Scrutiny

- 2.13. The Trust must have a programme of internal scrutiny to provide independent assurance to the Board that its financial and non-financial controls and risk management procedures are operating effectively.
- 2.14. The Trust has combined the audit and risk committee with Finance (FARC), appointed by the Board of Trustees.
- 2.15. Individuals performing internal scrutiny should have appropriate qualifications and/or experience relevant to the area being reviewed.
- 2.16. The FARC must;
 - Oversee and approve the Trust's programme of internal scrutiny
 - Ensure that risks are being addressed appropriately
 - Report to the Board on the adequacy of the Trusts internal control framework, including financial and non-financial controls and management of risks.
- 2.17. The Trust must identify on a risk basis (with reference to its risk register) the areas it will review each year.
- 2.18. Internal scrutiny should take account of output from other assurance procedures to inform the programme of work – for example external audit and ESFA reviews.
- 2.19. The Trust must confirm in its Governance statement, accompanying its annual accounts, which of the scrutiny options it has applied and why. The outcome of the work must also inform the Accounting Officers statement of regularity in the annual accounts.
- 2.20. The Trust must submit its internal scrutiny summary report to ESFA by 31 December each year when it submits its annual audited accounts. The Trust must also provide the ESFA with any other internal scrutiny reports, if requested.

Other Staff

- 2.21. Other staff members, primarily finance managers, admin assistants, and budget holders, will have some financial responsibilities, which are detailed in the following sections of this manual. All staff are responsible for the security of Trust property, avoiding loss or damage, ensuring economy and efficiency in resource use, and conforming to the requirements of the Trust's financial procedures.

Conflict of Interest

- 2.22. 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 Trust members, Trustees 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. The register is open to public inspection.
- 2.23. The register should include all business interests such as Trusteeships,

shareholdings, or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include the business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Trustee or a Member of staff by that person.

- 2.24. The existence of a register of business interests does not detract from the duties of Trustees, Members and staff to declare interests whenever they are relevant to matters being discussed by the Trust Board or a committee. Where an interest has been declared, Trustees, Members and staff should not take part in any decision making for that part of any committee or other meeting.
- 2.25. Persons of significant control, as identified by current legislation, will be investigated and reported as required through the annual Confirmation Statement to Companies House

3. Internal Financial Control

Separation of Duties

- 3.1. The Trust maintains the Financial Procedures manual in order to reflect the day-to-day management of financial administration. As far as possible, the allocation of duties has been made to ensure that the same person is not responsible for a process from start to finish in order to reduce the risk of error or intentional manipulation. It is noted that the Trust Finance Team is small, and where this is not possible, the CEO or COO undertakes some form of internal check, e.g., monthly review of bank reconciliations, etc. As far as is possible, the following functions are separated:

- Authorisation
- Execution

Approved Signatories

- 3.2. Authorisation of all transactions is a key internal control. Staff are expected to exercise authority only where they have been delegated the power to do so. Authorisation is clearly recorded by the individual's signature and printed name or by email. External agencies, notably the payroll provider, are notified of changes to authorised personnel promptly.
- 3.3. All orders and invoices are authorised for payment by the headteacher, CEO or COO.

Maintenance of Complete and Permanent Records

- 3.4. The Trust ensures that complete financial records are maintained at all times so that transactions are traceable from the original documentation to the accounting records and vice versa.

Review and Assessment of Procedures

- 3.5. The COO continually assesses Trust financial systems as part of the regular review of the risk register.

Audit Arrangements

- 3.6. The CEO and COO ensure that access to financial records will be given to the External Auditors, Registered Inspectors or their inspection teams and Her Majesty's Taxation Authorities for the purposes of audit inspection.
- 3.7. The Auditors will present their findings to the FARC.

Risk Management

- 3.8. The Trust undertakes a regular review of all areas of risk, including the following areas:
 - identifying and assessing risks
 - determining appropriate actions
 - implementing the actions
 - monitoring the results
 - providing feedback

4. Accounting system

- 4.1. The Trust uses PS Financials (PSF), Iris software. All the financial transactions of the Trust must be recorded on the accounting software.

System Access

- 4.2. Entry to the accounting system is password restricted.
- 4.3. Access to the component parts of the system can also be restricted and the COO is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

- 4.4. All Trust finance systems are hosted via cloud servers, therefore the responsibility for backing up the data has been transferred to the external provider and the Trust must gain assurance that this is being done appropriately.

Transaction Processing

- 4.5. All transactions input into the accounting system must be authorised in accordance with the procedures specified in this manual.

Transaction Reports

- 4.6. The Trust Finance Team reviews the following reports to ensure that all transactions are posted;
 - Bank and credit card statements and reconciliations
 - Monthly payroll reports
 - Summary record of debtors/credits reports
 - Additional income i.e., funding statements, lettings, consultancy

- 4.7. Supplier set up is limited to the Trust Finance Team to ensure robust checking and fraud controls.

Reconciliations of Balance Sheet Accounts

- 4.8. The COO is responsible for ensuring that the Trust Finance team perform the following reconciliations routinely, and that any reconciling or balancing amounts are cleared:

- sales ledger control account and review of aged ledger balances monthly
- purchase ledger control account and review of aged ledger balances monthly
- payroll control account monthly
- all suspense accounts (e.g., credit card) monthly
- accruals and prepayments monthly
- Bank balance per the nominal ledger to the bank statement monthly
- Sundry/other debtor and creditor accounts monthly
- Reconciliation of online payments received via the parent portal monthly
- VAT reclaim submissions monthly

- 4.9. Any unusual or long outstanding reconciling items must be brought to the attention of the AO by the COO. The COO will review and sign all reconciliations as evidence of their review.

5. Financial planning

- 5.1. The Trust and each school will prepare both medium- and short-term financial plans. Medium term is defined as a period of three years.
- 5.2. It is a requirement of the ESFA for the Trustees to set a balanced budget for the Trust. Individual schools are expected to present a balanced budget but may, with the permission of the Trustees, operate a deficit budget.
- 5.3. The medium-term financial plan (MTFP) is prepared as part of the Trust and School Development planning process. The Development Plan indicates how the Trust's educational and other objectives/priorities are going to be achieved within the expected level of resources over the next three years.
- 5.4. The School Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each School and the planned use of those resources for the following year.

6. Strategic Plan

- 6.1. The Strategic Plan is concerned with the future aims and objectives of the Trust and each school and how they are to be achieved; the Trust will set overall core objectives which will be turned into specific objectives for each school. The Strategic Plans will ensure that the Trust's objectives and targets are matched to the resources expected to be available. Plans should ideally be simple and flexible.
- 6.2. The form and content of the Strategic Plan will be set by the CEO and approved by the Board; due regard should be given to any annual guidance issued by the DfE

6.3. Each year the Headteachers in conjunction with the CEO propose a planning cycle and timetable to the Trustees which allows for:

- a review of past activities, aims and objectives - “did we get it right?”
- definition or redefinition of aims and objectives – “are the aims still relevant?”
- development of the plan and associated budgets – “how do we go forward?”
- implementation, monitoring, and review of the plan – “who needs to do what by when to make the plan work and keep it on course” and
- feedback into the next planning cycle – “what worked successfully and how can we improve?”

6.4. The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the CEO and Headteachers.

6.5. The completed School Development Plans will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

6.6. For each objective the lead responsibility for ensuring progress is made towards the objective will be outlined by the Headteachers.

7. Annual Budget

7.1. The COO is responsible for preparing and obtaining approval for the annual budget. Following recommendations by the FARC, the budget must then be approved by the Trustees.

7.2. All requirements of the ESFA, in particular in relation to the carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

7.3. The approved budget must be submitted to the DfE by the specified date, and the COO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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

7.5. The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of DfE and local authority grants receivable;
- Review of other income sources available to the Trust to assess the likely level of receipts;
- Review of past performance against budgets to promote an understanding of the Trust’s cost base;
- Identification of potential efficiency savings;

- Review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost e.g., pay increases, inflation, and other anticipated changes and
- Liaising with external agencies including major suppliers to ensure that the Trust's best financial interests are met.

7.6. A comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where savings can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the strategic plan.

7.7. The approved budget is entered into the finance system at the start of the new financial year.

8. Monitoring and Review

8.1. Monthly management reports will be prepared by a member of the Trust Finance Team. The reports will detail actual income and expenditure against budget for Headteachers and Chairs of Governors, and at a summary level to the full Governing Board.

8.2. The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. Monthly management accounts will always include the latest financial forecast for the year.

8.3. Headteachers are responsible for balancing their overall budget, however if a budget overspend or underspend is anticipated in a particular area, a discussion regarding redistribution must take place with the COO and CEO. Under exceptional circumstances, it may be appropriate to vire money from another budget or from the contingency. All budgets virements must be authorised within the agreed criteria and limits specified in Appendix 1.

8.4. Variations to the approved budget during the course of the year should be reflected in formal reforecasts undertaken in conjunction with management accounts for periods 4, 7 and 10.

9. Payroll

9.1. The main elements of the payroll system are:

- Staff appointments
- Payroll administration and payments.

10. Staff Appointments

10.1. As part of the annual budget process, the LGB will review the staff establishment for schools. Substantial changes (e.g., the addition of permanent full-time posts) can only be made to this establishment with express approval in the first instance of the

CEO or COO who must ensure that adequate budgetary provision exists for any establishment changes.

- 10.2. Where changes are in line with agreed budgets and in line with the approved School Development Plan, headteachers have authority to change the FTE size or scope of posts within their school – these changes will be included in the headteacher's report to the Local Governing Body.
- 10.3. The CEO and headteachers have the authority to appoint staff within the authorised establishment except for the roles of Headteachers, where other Trustees and LGB members may be involved. The CEO will approve all appointments to the senior leadership team of the Trust.

11. Payroll Administration and Payments

- 11.1. Payroll is outsourced to Access until December 2024, and to SAMPeople from January 2025.
- 11.2. The Trust has a Pay Policy and all changes to pay must be consistent with this. Any variations to this must be raised with the CEO.
- 11.3. The monthly payroll must be approved by the Headteacher or COO prior to payments being made.
- 11.4. All severance payments must be recommended for approval by the school's LGB and approved by the Trust Board.

12. Tax Arrangements for Senior Employees

- 12.1. The Trustees must ensure that its senior employees' payroll arrangements fully meet their tax obligations and comply with HM Treasury's guidance about the employment and contract arrangements of individuals for the avoidance of tax. Failure to comply with these requirements can result in a fine by HM Treasury
- 12.2. All senior employees' salaries are communicated by the Pay Committee, these are then applied to the payroll system. All senior employee roles are annually inspected by the External Auditors for compliance as this is part of the declarations statements and is cross referenced for the audit process. Any mid-year changes to the CEO role are approved in writing by the Chair of Trustees.

13. Special Staff Payments

- 13.1. Certain transactions by public bodies may fall outside their usual planned range of activity and they are subject to greater control than other payments. They include:
 - Staff severance payments
 - Compensation payments
 - Ex gratia payments
- 13.2. Staff severance payments are paid to employees outside of normal statutory or contractual requirements when leaving employment in public service. These payments should not be made where they could be a reward for failure, such as

gross misconduct or poor performance.

- 13.3. Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. Any decisions must be based on careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.
- 13.4. Ex gratia payments include payment to meet hardship caused by official failure or delay. These transactions must always be referred to the ESFA for approval.
- 13.5. Appropriate freedoms and delegated limits are defined in Appendix 1.
- 13.6. All special staff payments must be approved either by Trustees or the ESFA.

14. Intermediaries' legislation (IR35)

- 14.1. The Trust has a responsibility for ensuring that payments to workers are subject to tax and national insurance deductions, where appropriate. When the Trust engages with a supplier (person/company) and the working arrangements are within the scope of the IR35 legislation, the working arrangements will be assessed for the off payroll working rules, by the Trust Finance Team. By;
 - using the Check Employment Status for Tax tool which gives HMRC's view of a worker's employment status, based on the information the Trust Finance Team provides. It can also be used to check if changes to contractual terms or working arrangements may alter a worker's employment status. The Trust Finance Team does not have to use the tool to make employment status decisions, but it can help the Trust to decide:
 - the employment status of a worker or an individual the Trust engages with or represents
 - if the [off-payroll working \(IR35\) rules](#) apply to a contract
 - if HMRC will consider an individual as employed or self-employed for tax and National Insurance contributions purposes, if you have (or expect to have) a work contract or service agreement in place
 - There must be a [contract in place](#) to see whether the engagement is classed as employment or self-employment. The tool assumes there is, or will be, a contract or service agreement in place.
 - The tool provides the following determinations based on the information you give:
 - employed for tax purposes for this work
 - self-employed for tax purposes for this work
 - off-payroll working (IR35) rules apply
 - off-payroll working (IR35) rules do not apply
 - You may receive an 'unable to determine' result. When this happens, the tool will the Trust Finance Team further information to help them to reach a decision.
- 14.2. The Trust Finance Team will evidence compliance, ensuring good record keeping of assessments and the outcomes. The working arrangements will be reassessed

annually, or sooner, in instances where the previously assessed working arrangements have changed. This will be reviewed by the CEO/COO on the engagement of suppliers and quarterly thereafter.

15. Procurement

15.1. The Trust wants to achieve the best value for money from all its purchases. This means the correct quality, quantity, and time at the best price possible. A large proportion of our purchases will be paid for with public funds and there is a need 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 Trust
- **Accountability**, the Trust is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness**, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

15.2. Trust funds will not be used to purchase alcohol for consumption.

15.3. It is particularly important in the case of the Trust that any tender where individual/s with financial responsibility may have a conflict of interest are managed with utmost probity.

15.4. The Department for Education strongly recommends the use of DfE approved framework agreements to help Trusts and schools to buy goods and services from pre-approved suppliers, with agreed terms and conditions and legal protections. ([Buying for schools: find an approved framework agreement - GOV.UK](http://www.gov.uk))

16. Routine Purchasing

16.1. Budget holders are requested to submit a budget request for their curriculum area to the Headteacher which will inform the budget. Each bid should detail clear links to the school development plan in terms of objectives and strategy for school improvement, targets on an annual and longer-term basis and success criteria.

16.2. Budget holders, where appropriate, will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the Trust, and to ensure that any expenditure is consistent with the objectives of the school.

16.3. The Headteacher acts as the budget holder for all cost centres within a school, and the CEO for the Trust Central team. Budget holders monitor actual expenditure against budget via the budget monitoring reports. Detailed expenditure reports will be available on request. Any order which has the potential to cause an overspend will be scrutinised by the COO and Headteacher.

16.4. Appropriate authorisation limits are reviewed annually and approved by the Trustees through the Scheme of Delegation and summarised in Appendix 1.

16.5. It is necessary to take the principles of best value into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when

the lowest cost quotation or tender is not accepted.

- 16.6. Procurement routes are outlined in the Competitive Tendering Policy and the Procurement Policy.
- 16.7. Individually numbered purchase orders will be produced from the PSF accounting computer records and will be approved by nominated PSF approvers before dispatch to suppliers.
- 16.8. The Trust has 5 authorised PSF users. When an order is authorised by the Headteacher, CEO or COO, it is then added to PSF and authorised by a Finance Officer. Non-order invoices cannot be paid unless authorised by the Headteacher, COO or CEO.
- 16.9. The school's administration team must make appropriate arrangements for the delivery of goods and services to the school. On receipt of goods and services they must complete a detailed check of the goods and services received against the PSF purchase order (or equivalent in exceptional circumstances) and delivery note. Where delivery notes are not produced then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay. The delivery note should be checked and signed and dated by the person checking.
- 16.10. All invoices should be sent to the Trust Finance Office to be checked against the PSF numbered order (or equivalent in exceptional circumstances), and the delivery note to evidence the following:
 - Invoice arithmetically correct;
 - Goods/services received;
 - Goods/services as ordered and
 - Prices correct.
- 16.11. Non-order invoices will be authorised for payment by the Headteachers, COO or CEO and then passed to the Trust Finance Office for recording and payment through PSF. Invoices generated from an authorised purchase order do not require further approval and are processed for payment within PSF. On receipt of an invoice, the person authorising the invoice will date and sign the invoice in the stamped authorisation box.

17. Novel, contentious, and repercussive transactions

- 17.1. The 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 always obtain prior ESFA approval, regardless of the source of funds.
 - **Novel transactions** are those of which the Trust has no experience or are outside its normal course of business.
 - **Contentious transactions** are those that might cause criticism of the Trust by Parliament, the public or the media.
 - **Repercussive transactions** are those likely to cause pressure on other Trusts to take a similar approach and hence have wider financial implications.

18. Related Party Transactions (RPT)

18.1. The Trust **must** obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party where a contract or other agreement exceeds £40,000 in the same financial year ending 31 August.

18.2. This approval requirement does not apply in the following circumstances:

- contracts and other agreements for the supply of goods or services to the Trust by the following educational establishments:
 - colleges, universities, and schools which are sponsors of the academy trust.
 - state funded schools and colleges, including academies.

18.3. This concession does not apply to transactions with a subsidiary of such a related party.

6.1 For the purposes of reporting to and approval by ESFA, contracts and agreements with related parties do not include salaries and other payments made by the Trust to a person under a contract of employment through the Trust's payroll.

19. Gifts

19.1. The Trust has a policy and register on the acceptance of gifts, hospitality, awards, prizes or other benefits that may compromise their judgment or integrity and should ensure that all staff are aware of it.

20. At Cost requirements

20.1. The Trust **must** pay no more than 'cost' for goods or services ('services' do not include contracts of employment) provided to it by the following persons ('persons' meaning both individuals and organisations):

- members or trustees of the Trust
- individuals or organisations related to a member or trustee of the Trust. For these purposes, the following persons are related to a member, or trustee:
 - a relative of the member or trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
 - an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
 - a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
 - an organisation controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes, an organisation is controlled

by an individual or organisation if that individual or organisation can secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes

- any individual or organisation given the right under the Trust's [articles of association](#) to appoint a member or trustee of the Trust; or anybody connected to such individual or organisation
- any individual or organisation recognised by the Secretary of State as a sponsor of the Trust; or anybody connected to such individual or organisation.

21. Orders over £5,000 but less than £25,000

- 21.1. At least three written quotations should be obtained for all orders between £5,000 and £25,000 to identify the best source of goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced. On occasions owing to the specialist nature of goods it may not be possible to source 3 quotes and in this instance the COO or CEO will need to authorise the order.

22. Orders over £25,000

- 22.1. All goods/services ordered with a value of over £25,000, or for a series of contracts which in total exceed £50,000, must be subject to formal tendering or supply chain framework procedure if appropriate. Where a tender is not carried out, 3 quotes must be obtained, or an exception authorisation obtained from the Trustees to place the order at the same time confirming why 3 quotes have not been obtained. Purchases which fall under EU procurement rules require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in Annex 3d to the Academies Financial Handbook.

23. Forms of Tenders

- 23.1. Details of forms of tenders and how to run a tender process are included in the Competitive Tendering Policy and the Procurement Policy.

24. Credit Cards

- 24.1. Credit cards are in place to negate the need for petty cash to be held in schools.
- 24.2. The COO will be responsible for approving the use of credit cards with the named cardholder in the school or Trust Central team.
- 24.3. Where schools or the Trust central team hold credit cards, they are the sole responsibility of named individuals within each school or the Trust central team.
- 24.4. The Trust Central team will hold 2 credit cards, with a monthly spending limit of £5,000 and £10,000 respectively, to support schools.
- 24.5. Each school credit card will have a monthly spending limit of £5,000.
- 24.6. The Trust has a total credit card limit of £40,000. In the event of exceptional circumstances when a higher overall Trust limit is required, the COO will notify the

bank in writing and inform the relevant Headteacher.

24.7. The primary method of payment remains invoicing, and this will generally be used in preference to credit card purchases where such is offered by the supplier. Where possible the School or Trust will seek to establish trade accounts with local suppliers. The operation of credit cards has been delegated to the COO or Headteacher of individual schools and is governed by procedures outlined below:

- Credit Cards are issued by the designated bank for the Trust.
- Credit card balances are repaid monthly in full, by direct debit before interest accrues
- The credit limit will be set by the Trust in conjunction with the Bank Manager. The Trust bank will not issue generic credit cards; they must be issued to named individuals and each card will have its own credit limit.
- Credit cards shall not be used for personal expenditure in any circumstances.
- Credit cards must never be used to circumvent proper purchasing practice and contractual arrangements.
- Cash withdrawals are not allowed.
- Supporting receipts and transaction details will be maintained for all uses of the credit cards and authorised in accordance with the usual procurement procedures of the Trust.
- Transactions are reconciled monthly by the individual cardholders against the credit card statement and signed off by the Headteacher or COO in accordance with Trust procedures before being sent to the Trust Finance team for processing on the finance system.
- Transactions are entered monthly into the finance system and reconciled in accordance with Trust procedures.
- All items ordered (telephone or internet) and related paperwork must be delivered to the school address, except for special circumstances, e.g., school holidays
- Cards should be held securely at all times. In the event of the loss or theft of a card it should be reported immediately to the Trust Finance team.
- Any abuse of a credit card will be treated as gross misconduct.

25. Trade Accounts

25.1. The COO will be responsible for approving the use of Trade accounts for a named account holder in a school or the Trust Central team.

25.2. The monthly spending limit across each approved trade account will be no more than £10,000 overall, or £2,000 for a school.

25.3. The agreed-named account holder within each school will hold the account details for their school and will be able to purchase goods for their school.

26. Fuel Cards

26.1. The COO will be responsible for approving the use of fuel cards for every school-owned minibus.

26.2. Fuel cards will be stored securely on each associated minibus when not in use.

- 26.3. There is an overall spend limit across the Trust fleet of £1,500 per month.
- 26.4. For each journey undertaken, the driver must record the date, destination and total miles travelled on the minibus journey log sheet.
- 26.5. When refueling, the driver must record the number of litres drawn at the pump upon the minibus journey log sheet.

27. Income

- 27.1. The main sources of income for the Trust are from the DfE/EFSA. The receipt of these sums is monitored directly by the COO who is responsible for ensuring that all grants due to the Trust are collected.
- 27.2. Trust does not currently pool and then reallocate each school's general annual grant (GAG) from a central fund. The cost of the Trust Central Team service is recharged to schools annually as a set flat rate contribution percentage of their GAG.
- 27.3. Grant funding is received from sources such as the local authorities for a variety of purposes including top up SEN funding.
- 27.4. The Trust also obtains income from:
- student teachers from universities and other institutions
 - parents/carers, for trips, activities, before/after school clubs, school dinners etc.
 - the public, mainly for lettings
 - sponsorship and donations
 - bank credit interest
 - consultancy services
- 27.5. Electronic systems (such as Arbor ParentPay) are used for taking income on-line, these payments will be recorded against the individual students' accounts and reconciled to the nominal ledger accounts monthly.

28. Other Grants and Specific Funding

- 28.1. In addition to the GAG funding from the ESFA and other government funding, the Trust may be awarded additional grants from time to time relating to specific projects e.g., Sport England funding, charitable grants etc. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.
- 28.2. The receipt of these sums is monitored directly by the COO who is responsible for ensuring that all grants due to the Trust are collected.

29. School Trips and Excursions

- 29.1. Each School has a specific procedure for Excursions. A designated staff member must be appointed for each trip to take responsibility for the collection of sums due. The appointment must be approved by the Headteacher.
- 29.2. The designated staff member will be responsible for estimating the costs, ensuring

the cash is collected, producing a reconciliation etc.

- 29.3. Charges can also be made to parents/carers to defray the costs of certain activities. The Charging and Remissions Policy sets out these details.
- 29.4. Certain curriculum departments generate some income through entrepreneurial activities. Such charges should be made in accordance with the Charging and Remissions Policy

30. Lettings

- 30.1. Letting and hire of the Trust facilities will be conducted in line with the Lettings Policy which includes a scale of charges, which should be reviewed annually.
- 30.2. In exceptional circumstances, charges are determined at the discretion of either the Headteachers, COO or CEO.
- 30.3. Bookings for lettings are made through the school Site Managers who will send the completed booking form to the Trust Finance team. The Trust Finance team will raise the invoice in the financial system
- 30.4. Payments for invoices raised will be recorded as school income in the lettings budget cost centre within PSF and a manual receipt will be issued.

31. Cash Management Trust Bank Accounts

- 31.1. The opening of all accounts must be authorised by the Board of Trustees who will set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automated Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control
- 31.2. Any supplier changing or amending bank or payment details should be telephoned to verify, following written receipt, and recorded as complete.

32. Deposits

- 32.1. Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
 - the amount of the deposit and
 - a reference, such as the number of the receipt or the name of the debtor.
- 32.2. Copies of deposit slips will be sent to the Trust Finance team by schools to enable reconciliation against the Trust bank account and the posting of income to the relevant cost centre through the finance system.

33. Payments and Withdrawals

- 33.1. All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures of two authorised signatories as listed in Appendix 1.

33.2. This provision applies to all accounts, public or private, operated by or on behalf of the Board of Trustees. At least one of the cheque signatories must not have also authorised the expenditure.

34. Administration

34.1. All bank accounts must be reconciled monthly and checked by the COO and CEO. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the Trust's cash book
- reconciliations are subject to an independent monthly review carried out by the COO.

34.2. Expenditure is processed into the PSF accounting system against the appropriate cost centre.

34.3. The Trust Finance team is responsible for entering all transactions into the bank credit book on a regular basis. Regular, as well as unannounced, cash counts should be undertaken by the COO to ensure that the cash balance reconciles to supporting documentation and the computer balance.

34.4. The COO should review and countersign the cash reconciliations.

35. Petty Cash Accounts

35.1. There is no provision for Petty Cash within the Trust. All purchases must go through other procurement methods.

35.2. Cash may only be released to support curriculum activities incl Math's money. Teachers/Headteachers are responsible for the completion and return of reconciliations and supporting payment receipts to the Trust Finance team.

35.3. Cash must be securely held at all times with access strictly limited to authorised officials only.

35.4. In the interests of security, Personal, Social and Independence (PSI) reimbursements relating to curriculum delivery will be made by cheque directly from the main bank account or via payroll.

35.5. Staff expense claims will be paid via payroll or by BACS.

36. Cash Flow Forecasts

36.1. The Trust Finance Team provide monthly cash flow forecasts to ensure that the Trust has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile the General Annual Grant (GAG) to cover potential cash shortages.

37. Custody

37.1. Monies collected should be held securely in the school or Trust safe or a locked

facility and should be banked and reconciled promptly by authorised officials.

- 37.2. Banking should take place frequently to ensure that receipts held overnight do not exceed the £1,000 insurance limit on individual school safes. The only exception to this is where PTA events take place over a weekend and a banking facility is not available. This is noted with our insurers as a risk.

38. Capital Expenditure and Funding

- 38.1. Capital assets with a value of £2,000 or over must be charged to capital even if they are fully funded from revenue. The process of achieving this is done by transferring the expenditure from the revenue code to capital and transferring the corresponding income from the revenue budget. This is known as direct revenue financing.
- 38.2. Capital build schemes in schools are managed centrally.
- 38.3. The funding for these schemes comes from a number of sources. On an annual basis the Trust receives block allocations of grant to support its Schools Capital Programme through a DfE grant (School condition allocations (SCA)). In addition, the Trust is able to bid for other specific grant funding from the DfE and other outside bodies when such opportunities present themselves.
- 38.4. The funding sources available to schools include the annual Devolved Formula Capital (DFC) allocation.
- 38.5. Capital Projects are not currently funded by the SCA grant as the Trust is not eligible. The Trust may apply through the CIF application process in agreement with the Board of Trustees.
- 38.6. Schools are required to notify the COO of any proposed Capital Expenditure (regardless of the source of funding).
- 38.7. Managing the implementation of school capital projects is the responsibility of the COO.

39. Fixed Assets

- 39.1. The Trust must obtain prior approval from [ESFA](#) for the following transactions:
- acquiring a freehold of land or buildings
 - disposing of a freehold of land or buildings
 - disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

40. Asset Register

- 40.1. All items purchased with a value above the Trust's capitalisation limit of £2,000 must be capitalised. Expenditure in excess of £2,000 may also be capitalised even though the individual asset price is below £2,000, such as collective assets or part of an identified project.
- 40.2. Assets below the value of £2,000 will be charged to the income and expenditure in the year of purchase.

40.3. All tangible fixed assets items purchased with a value over the Trust's capitalisation limit of £2,000 must be entered in an asset register. The asset register should include the following information:

- Asset description;
- Asset number;
- Date of acquisition;
- Asset cost;
- Source of funding (% of original cost funded from DfE grant and % funded from other sources);
- Expected useful economic life;
- Depreciation;
- Current book value;
- Location;
- Name of member of staff responsible for the asset

40.4. Headteachers are responsible for maintaining the school's assets.

40.5. External auditors complete spot checks against the Trust Asset Register on a yearly basis.

40.6. Any discrepancies over £2,000 must be reported to the AO (CEO).

40.7. The Asset Register helps:

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

41. Accounting for Fixed Assets

41.1. The Trust has determined appropriate depreciation rates, based on the assessment of the useful economic life, and expected residual value when the assets are acquired. Depreciation will be charged annually using the following straight-line percentages:

- Freehold buildings 2%
- Leasehold land & buildings 2%
- Furniture & equipment 20%,
- Computer equipment & software 33%
- Motor Vehicles 10%, between 5 – 10 years

42. Security of Assets

42.1. Stores and equipment must be secured by means of physical and other security

devices, where possible (for example the securing of mobile hoists and beds would not be appropriate). Only authorised staff may access the stores.

- 42.2. The immediate responsibility for the security of assets lies with the end user departments; in support of this the Trust provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance, and support agreements where appropriate, along with insurance cover.

43. Loan of Assets

- 43.1. Items of Trust property, except staff and student laptops or tablets, must not be removed from Trust premises without the authority of the Headteacher, COO or CEO. A record of the loan must be recorded.
- 43.2. 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 Trust's auditors.

44. Disposals

- 44.1. Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the financial limits detailed in Appendix 1 and, where significant, should be sold following a competitive tender. The Trust must seek the approval from the ESFA in writing if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.
- 44.2. The disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.
- 44.3. The Trust is expected to reinvest the proceeds from all asset sales, for which the capital grant was paid, in other Trust assets. If the sale proceeds are not reinvested, then the Trust must repay to the ESFA a proportion of the sale proceeds.
- 44.4. All disposals of land must be agreed in advance with the Secretary of State.

45. Leases

- 45.1. The Trust **must** obtain [ESFA's](#) prior approval for borrowing (including overdraft facilities, but excluding finance leases on the DfE approved list) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable. Credit cards **must** only be used for business expenditure, and balances cleared before interest accrues.
- 45.2. Permission for borrowing is only allowed in exceptional circumstances, such as schemes introduced by the Secretary of State - for example, the Department's Condition Improvement Fund.
- 45.3. The Trust is able to enter into operational leases as outlined in the Academies Financial Handbook.

45.4. Finance leases are classed as borrowings and can only be entered into with the specific authority of the ESFA unless the asset type to be leased appears on the DfE's approved list.

45.5. All leases must be approved by the COO.

46. Charging and Remissions

46.1. The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.

46.2. The separate Charging and Remissions Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

46.3. Schools may charge for some optional activities which take place wholly or mainly outside School hours. The school may invite voluntary contributions for these from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Headteacher.

46.4. In all cases, where a charge is made it will not exceed the costs of the provision.

47. Staff Expenses

47.1. The Trust Staff may claim reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. Reasonable expenses include:

- travel by public transport
- use of own car and parking (excluding home to work travel)
- unavoidable overnight accommodation
- reimbursement for approved items bought on behalf of the Trust.

47.2. Rates and allowances are laid out in a schedule of allowed expenses which will be reviewed annually and are shown in the Expenses Policy.

47.3. Staff must submit an expenses claim form and seek approval as laid out in Appendix 1 before being sent to Trust Finance to be processed for payment. All claims must be accompanied by receipts.

47.4. The COO will monitor claims to ensure compliance with this policy.

47.5. All claims should be submitted within 30 days of being incurred. Payments made after this deadline will be at the discretion of the CEO or COO.

48. Trustees' Expenses

48.1. Governors' Trustees' and Members of the Trust may claim for reasonable expenses incurred by him or her when acting on behalf of the Trust, in line with the Trust policy on Governors Allowances. This policy describes what expenses are allowed, the process for making claims and the current rates. Reasonable expenses will include:

- attendance at meetings of the Trust board or Local Governing Body or their sub-committees
- meetings with authorities, regulators, auditors etc.
- meetings with members of staff or prospective staff connected with their official duties
- other official meetings.

48.2. It is expected that Governors, Trustees and members will wish to minimise the level of expenses claimed so that maximum resources can be applied to the core purposes of the Trust.

48.3. Governors, Trustees and members may not claim for:

- time spent working as a Governor, Trustee or Member
- loss of earnings
- food or refreshments
- expenses in connection with foreign travel other than as allowed below.

48.4. Further guidance is provided in the Governors and Directors Expenses Policy.

49. Tax

49.1. The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the COO to ensure compliance with VAT regulations.

49.2. If Trust activities cease to be exempt from Corporation Tax, the COO will ensure that Corporation Tax returns are completed on time and in accordance with legislation.

49.3. Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

50. Insurance

50.1. The Trust has taken up the ESFA Risk Protection Agreement which covers:

- Buildings and Contents and
- Employers and Public Liability insurance.

Additional Insurance is procured for Motor Vehicle and Engineering

50.2. The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.

50.3. The Trust will not give any indemnity to a third party.

50.4. All contractors must have public liability of a minimum of £5,000,000 insurance before they are allowed to undertake work on school premises.

50.5. People hiring the school premises and using facilities should either be covered by the school's insurance at an additional cost or must produce a valid public liability insurance with indemnity up to £5,000,000.

50.6. The Trust will immediately advise the insurers of any accident, loss or other incident which may give rise to an insurance claim.

51. Bad Debts, Write-offs and entering into Liabilities

51.1. The Trust must not write off debts or losses, enter into indemnities (beyond the normal course of business), guarantees or letters of comfort, without the express approval of the Trustees.

51.2. The Trust **must** obtain [ESFA's](#) prior approval for the following transactions beyond the delegated limits described below:

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

51.3. The delegated limits, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction;
- Cumulatively, 2.5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction if the Trust has not submitted timely, unqualified accounts for the previous two financial years, or
- Cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction if the Trust has submitted timely, unqualified accounts for the previous two financial years.

51.4. In relation to these limits:

- The Trust should always pursue recovery of amounts owed to it, including overpayments, or erroneous payments Advice must be sought from the COO/CEO on how recovery should be pursued.
- The Trust should only consider writing-off losses after careful appraisal, including whether all reasonable recovery action has been taken with the debtor, the Trust's insurers, or the risk protection arrangement, and should be satisfied there is no feasible alternative;
- The amounts for write-offs are before successful claims from an insurer or the risk protection arrangement;
- Total annual income is defined as grant income as disclosed in the Trust's last audited accounts.

51.5. Before accepting liabilities by issuing guarantees, a letter of comfort or indemnity, the Trust will secure [value for money](#) by appraising the proposal through assessment of the costs and benefits of relevant options before gaining the approval of the Board.

51.6. The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance.

51.7. Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.

- 51.8. Income from lettings will be collected in accordance with the Lettings Policy.
- 51.9. All debts will be recorded, and non-payment will be followed up by issuing reminders at monthly intervals.
- 51.10. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the Scheme of Delegation (Appendix 1) and in accordance with the guidance provided in the Academies Financial Handbook.
- 51.11. To ensure sound internal control, staff who raise invoices will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes Revenue and Customs statutory requirements.
- 51.12. The Trust will retain a Bad Debt write-off summary.

52. Monitoring & Review

- 52.1. Financial processes will be monitored and reviewed by regular internal checks and scrutiny by senior management, including an annual review with the COO.
- 52.2. The effectiveness of this policy and any associated procedures will also be monitored by the FARC, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results will be presented by regular written reports to the FARC. Findings and recommendations will be used to revise this policy and associated procedures – this will be undertaken by referring any recommendations for changes to the FARC.
- 52.3. Key indicators of the success of this policy are:
- no inappropriate use of money
 - adherence to budgets
 - value for money being demonstrated
 - expenditure targeted on key priority areas
 - timely reports to Trustees, DfE and others
 - up to date, accurate records

Appendix 1 - Summary of Financial Authorisation Levels

| Delegated Duty | Value | Delegated Authority |
|---|---|--|
| 1.4.1 Approval of purchase orders - 3 quotations required for purchases of £5,000 and above unless for specialist goods. | Up to £5,000 | <ul style="list-style-type: none"> CEO, COO, Headteacher (or Deputy Headteacher (in the absence of the Headteacher)). |
| | £5,001 to £10,000 (3 quotes required, unless specialist goods) | <ul style="list-style-type: none"> Headteacher plus CEO/COO. |
| | £10,001 to £25,000 (3 quotes required, unless specialist goods) | <ul style="list-style-type: none"> CEO, COO plus LGB. |
| | £25,001 + above | <ul style="list-style-type: none"> CEO, COO plus Trust Board. |
| 1.4.2 Cheques and payment authorisations (including BACS payments other than payroll) | Any | Any two authorised bank signatories from: <ul style="list-style-type: none"> CEO (in progress with COO). COO. Headteachers - Stephanie Coneboy/Lorraine Wilson. |
| 1.4.3 Payroll report authorisation | Any | <ul style="list-style-type: none"> CEO, COO shared with Headteacher/Deputy Headteacher (only where appointed as Acting Headteacher). |
| 1.4.4 DfE grant claims and DfE returns for individual schools | Any | Two signatories from: <ul style="list-style-type: none"> CEO, COO or Headteachers. |
| 1.4.5 DfE grant claims and DfE returns for PAT | Any | <ul style="list-style-type: none"> CEO, COO |
| 1.4.6 Virement between budgets or contingency | Out of budget expenditure under £10k | CEO |
| | Out of budget expenditure over £10k | FARC |
| | Budget virements under £10k | CEO |
| | Budget virements over £10k | FARC |
| 1.4.7 Write-off debts and losses or entering into guarantees, indemnities or letters of comfort (subject to £250,000 annual ceiling) * | Up to £10,000 | Headteacher plus CEO/COO with final approval of LGB (annually). |
| | £10,001 - £250,000 | Board of Trustees. |
| | 1% of total annual income or £45,000 (whichever is smaller) per single transaction | Require ESFA's prior approval for transactions beyond these described delegated limits. |
| | Cumulatively, 2.5% of total annual income (subject to a maximum of £250,000) in any | |

| | | |
|--|---|---|
| | <p>financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous 2 financial years - this category includes new trusts that have not had the opportunity to produce 2 years of audited accounts</p> <p>Cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous 2 financial years.</p> | |
| 1.4.8 Raising invoices to collect income | Any value. | PSF Financials user. |
| 1.4.9 Credit/Charge cards | <p>Card limits;</p> <p>£5,000 – School</p> <p>£5,000 – Trust Central Office</p> <p>£10,000 - Trust Central IT</p> | <p>Prior approval required for all purchases;</p> <ul style="list-style-type: none"> • CEO, COO or Headteacher. |
| 1.4.10 Special payments* | Novel, Contentious and Repercussive | ESFA agreement required. |
| | Staff Severance and Compensation | <p>>= £50,000 or more before tax ESFA agreement required.</p> <p>< £50,000 CEO approval.</p> |
| | Ex Gratia | ESFA agreement required. |
| 1.4.11 Acquisition and disposal of land and buildings* | Acquiring freehold land/ building | ESFA agreement required. |
| | Other disposals | |
| | Disposing of a freehold on land/ buildings | ESFA agreement required. |
| | Disposing of heritage assets | ESFA agreement required. |
| | Other asset disposals | Trustee approval required. |
| 1.4.12 Disposal of other assets | Up to £1,000 | COO. |
| | £1,001 to £5,000 | COO plus CEO. |
| | Over £5,000 | <p>COO, CEO plus Finance, Audit & Risk Committee (FARC).</p> <p>ESFA approval required as appropriate for disposal of assets funded with DfE grant, or transferred from</p> |

| | | |
|---|---|--|
| | | an LA at nominal consideration. |
| 1.4.13 Leasing * | Finance lease not on the approved list | ESFA agreement required. |
| | Leasehold on land and Buildings | ESFA agreement if lease term ≥ 7 years. Trust Board (FGB) approval < 7 years. |
| | Operating lease | CEO/COO authorisation $< \pounds 50,000$. Trust Board (FGB) approval $\geq \pounds 50,000$. |
| | Granting a lease on land and buildings | ESFA agreement required. |
| 1.4.14 Borrowing (to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable) * | Loan or overdraft | CEO/AO recommend to Board for submission to EFSA. ESFA approval is required. |
| | Finance lease (on the DfE approved list only) | CEO, COO $< \pounds 50,000$. Trust Board (FGB) $\geq \pounds 50,000$. |
| | Credit Cards | COO. Must only be used for business expenditure. Balances must be cleared before interest accrues. |
| 1.4.15 Related party transactions* | Supplies to the Trust from a related party | ESFA agreement required over $\pounds 40,000$ and over associated limit unless exempt. |

Finance, Risk and Audit Committee

Terms of Reference

| | |
|--------------------|--|
| Name of trust: | Propeller Academy Trust |
| Name of committee: | Finance, Risk and Audit |
| Date agreed: | 5/3/24 |
| Review date: | <i>Terms of reference must be reviewed by the full trust board annually.</i> |

| | |
|---------------------|--|
| Chair of committee: | Debbie Buckley-Golder |
| Clerk: | Mike Behnke |
| Membership: | <p>Membership will be decided by the trust board and membership currently stands at 4.</p> <p>Employees of the trust should not be audit and risk committee members, but the accounting officer and chief financial officer should attend to provide information and participate in discussions.</p> |
| Quorum: | The committee will be quorate with 3 Directors present |
| Meetings: | The finance, audit and risk committee should meet at least three times a year with 5 scheduled |

The committee will monitor, evaluate, and report on:

Finance

1. review an annual budget, ensuring resources are allocated in line with the trust’s strategic priorities and curriculum plans
2. present the annual balanced budget to the trust board for approval
3. review and approve a realistic three-year financial plan, taking into account the trust’s vision, known risks and opportunities
4. receive the trust’s management accounts and forecast outturn for the full year in order to monitor the trust’s actual and forecast finances against the approved budget
5. review pupil number estimates (that underpin revenue projections) termly
6. report back to the trust board following committee meetings, alerting them to significant variations to the approved budget at the earliest opportunity.
7. monitor spending of pupil premium, PE, and sport premium (and other relevant premiums); to ensure that funding is spent effectively and is having the intended impact on pupil outcomes
8. approve virements of sums over £10,000 – sums below this amount are delegated to the trust’s senior executive leader

9. undertake detailed scrutiny and recommend approval of the school resource management self-assessment checklist annually
10. gain assurance that the trust's financial procedures are complied with
11. review and act upon any issues identified by benchmarking against similar trusts, internal or external scrutiny
12. gain assurance that the trust follows basic procurement rules and achieves best value for money when acquiring goods and services
13. review, adopt and monitor all policies delegated by the board:

Delegated policies:

Policies delegated to the committee to review are:

Reserves

Charging and remissions

Governors' and directors' allowances and expenses

Internal financial regulations

Accounting

Competitive tendering

Investment

Anti-fraud and bribery

Gift and hospitality

Audit and risk

14. oversee and approve the trust's programme of internal scrutiny
15. agree a programme of work annually to deliver internal scrutiny that provides coverage across the year
16. agree who will perform the work
17. consider reports at each meeting from those carrying out the programme of internal scrutiny
18. consider progress in addressing recommendations
19. support development and review of the trust's risk management policy, setting out the framework for risk management by the trust.
20. seek assurance that the risk management framework covers the full range of risks that the trust encounters
21. review the ratings and responses on the risk register to inform contingency and business continuity planning and the programme of work, ensuring risks and control measures are adequately identified and modified as appropriate
22. gain assurance that that risks are being addressed appropriately through internal scrutiny
23. evaluate the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks and report this to the trust board
24. approve reports for each full trust board meeting, highlighting emerging risks or significant anomalies at the earliest opportunity
25. assess whether procedures are designed effectively and efficiently, and check whether agreed procedures have been followed

26. receive the external auditors' annual plan, annual report, and accounts and recommend appropriate actions to the trust board in response to the findings
27. review the external auditor's plan each year
28. assess the effectiveness and resources of the external auditor
29. review the auditor's findings and actions taken by the trust's managers in response to those findings
30. review the annual report and accounts
31. review findings from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations
32. produce an annual report of the committee's conclusions on the above assessment to advise the Board of Trustees and members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration
33. recommend to members the appointment of an external auditor (in accordance with the trust's articles of association)
34. to review the trust's insurance cover in compliance with its legal obligations