

# Athena Learning Trust

## Finance Policy

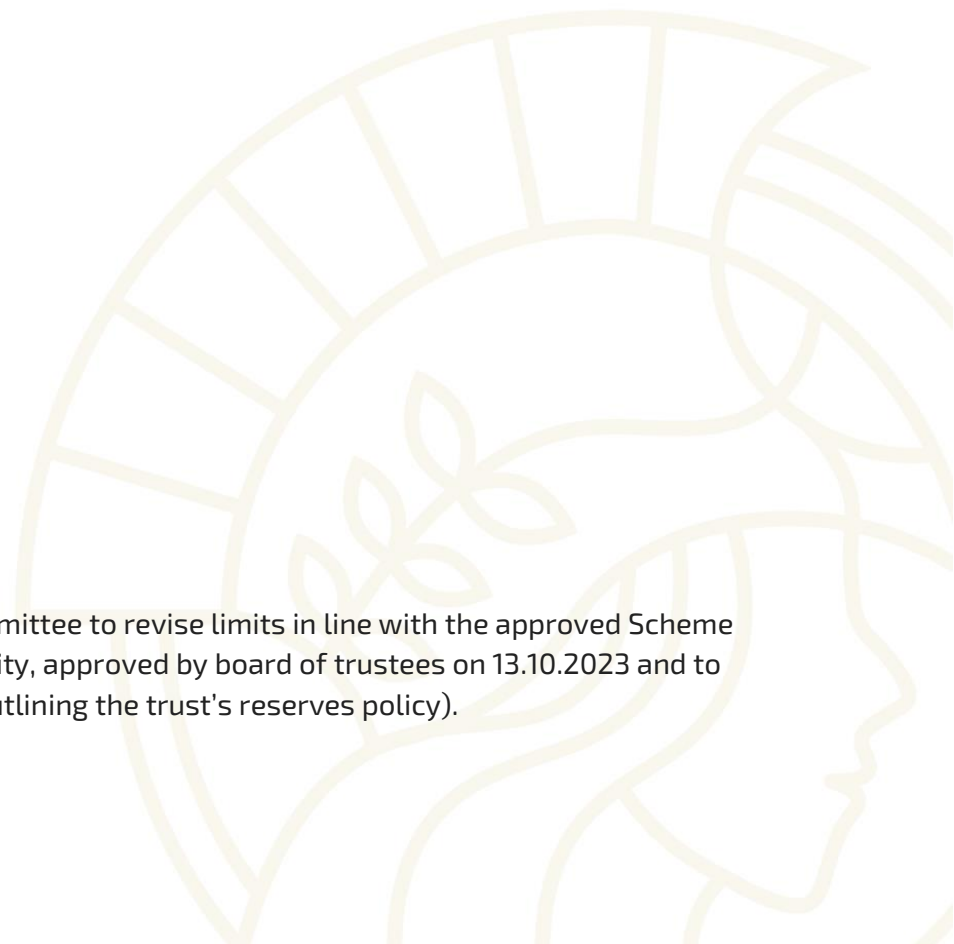
Review

Reviewed on: 21.7.23

Reviewed by: Board of Trustees

Review Period: Annual

(amended 10.11.2023 by FOP Committee to revise limits in line with the approved Scheme of Delegation of Financial Authority, approved by board of trustees on 13.10.2023 and to include an additional appendix outlining the trust's reserves policy).





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## 1. Key Contacts

Trust	Athena Learning Trust
CEO	Ben Parnell
Chair of Trustees (COT)	Elaine Marshall
Chair of Audit Committee	Gilly Sanders
Chair of Finance and Operations Committee	Ashley Shopland
Chief Finance & Operating Officer (CFOO)	Shirley Si Ahmed

Please note this list may be updated by the responsible officer when change arises in the organisation, without the need for committee meeting review/approval.

## 2. Introduction and Principles

The purpose of the Athena Learning Trust (the “trust”) finance policy is to ensure that the trust maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate effectively to meet the regulatory requirement of the following:

- Companies Act
- Department for Education (DfE)
- Education Funding Agency (ESFA)

This policy and the trust’s financial procedures expand on this and provide detailed information on the trust’s accounting procedures. The policy and the procedures should be read by all staff involved with financial systems.

It is understood that the schools in the trust vary in nature and in size, and it is difficult to fit a set of financial controls to all schools. It is therefore accepted that the Executive Team may, in certain circumstances, request that an individual school impose a tighter level of control in some areas, or that a school may themselves choose to implement further controls locally. Any such changes will be agreed with the trust CEO and CFOO.

The trust Finance Policy will adhere to the following principles:

- All financial issues affecting the school will be dealt with honestly, with integrity, and in the best interest of the schools within the trust.
- The responsibilities of the Board of Trustees, Local Governing Bodies, the CEO and staff will be clearly defined and limits of delegated authority established, where applicable.
- The trust will establish sound internal financial controls, based on the Academy Trust Handbook, to ensure reliability and accuracy of its financial processes and records of transactions.
- The budget will reflect the trust’s prioritised educational objectives through its links to the Strategic Development Plan(s)



- The budget will be subject to effective monitoring, allowing Trustees, Governors, Principals and staff to maintain financial control by reviewing the current position and taking any remedial action necessary.
- The trust will be adequately insured against exposure to risk.

The trust will ensure that:

- Purchasing arrangements achieve value for money;
- There are sound procedures for the administration of personnel matters;
- There are sound procedures for the administration of payroll matters;
- Stock, stores and assets are recorded and adequately safeguarded against loss or theft;
- All income is identified and all collections received, recorded and banked promptly;
- The operation of the school's bank accounts and the reconciliation of bank balances with the accounting records are properly controlled;
- School Private Funds and any other non-public funds are administered as rigorously as public funds:
- Any suspected irregularity will be reported immediately to the school's auditors'
- The school will adhere to current Data Protection legislation; and
- Appropriate training in financial administration will be given to enable staff cover at all times.

### **3. Roles & Responsibilities**

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

#### **3.1 Board of Members**

The Board of Members have the responsibility to appoint the external auditors and receive the annual report and accounts (but do not sign).

#### **3.2 Board of Trustees**

The Board of Trustees has overall responsibility for the administration of the trust's finances. The main responsibilities of the trustees are prescribed in the Funding Agreement between the school and the Secretary of State and in the Academy Trust Handbook.

The Board of Trustees is directly responsible for monitoring and making decisions on matters related to finance. The Board is responsible for:

- Finalisation of the annual budget;
- Monitoring the annual budget;
- Monitoring the process for consolidating accounting information from schools and ensuring that trust level reporting is accurate;
- Monitoring the accounts of member schools and ensuring the viability of each school;
- Reviewing the central staffing structure, roles and staffing costs with the CEO / CFOO;
- Assessing and monitoring financial risk.



### **3.3 Trust Finance and Operational Performance, and Audit Committees**

The Board of Trustees has established Finance and Operational Performance (FOP), and Audit Committees, which meet three times a year, or more frequently if necessary. These committees are responsible for monitoring and making recommendations to the Board of Trustees on finance matters that fall within their audit, risk and compliance remits. The Board of Trustees has defined its terms of reference, prescribed the extent of its delegated authority and ensures that it receives minutes of the committees' meetings. The committees are responsible for:

- Reviewing systems of internal financial control;
- Meeting and liaising with the Internal and External Auditor as needed. Considering and acting on recommendations in the Internal Auditor's reports.

### **3.4 Role of the Internal Auditor (IA)**

The trustees will appoint an Internal Auditor in accordance with the guidelines set out in the Academy Trust Handbook.

The principle role of the IA is to provide assurance to the Board of Trustees on the following issues:

- the discharge of its financial responsibilities according to the requirements of the DFE/ESFA;
- the efficient, economical and effective management of resources and expenditure, including funds, capital assets and equipment, and staff;
- the introduction and maintenance of sound internal financial controls;
- that financial considerations are taken fully into account in reaching decisions and in their execution.

The programme of checks carried out is agreed with the Audit Committee, and the IA will report their findings to the trustees. The IA may agree with the chair of FACC an internal audit programme – the IA is appointed at the audit tender to carry out all checks, but will ensure that they are undertaken by individuals with appropriate competence and impartiality.

### **3.5 Role of the Chief Finance and Operating Officer**

The CFOO is responsible for the following, in accordance with DFE/ESFA guidance:

- Fulfilling the duties of the Chief Financial Officer (CFO) according to the guidance in the Academy Trust Handbook;
- The CFO is personally responsible to the Parliament and to the ESFA Finance Officer for the resources under the trust's control and for the propriety and regularity of the public finances for which they are answerable; for keeping proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for ensuring value for money to achieve the best possible educational outcomes through the economic, efficient and effective use of resources.
- Under trustees' guidance, the CFOO has responsibility for the overall organisation, management and staffing and for its procedures in financial and other matters.



- Included in the responsibilities of the CFOO is a duty to take appropriate action if the Board of Trustees, or the Chair, is contemplating a course of action which he or she considers would infringe the requirements of propriety or regularity or would not represent prudent or economical administration, or the efficient or effective discharge of the board of trustee's functions.
- Setting and monitoring the trust central budget;
- The management of the trust's future financial position;
- Income generation and recording;
- Ensuring the efficient and accurate reconciliation of the monthly payroll (Alongside Finance Analysts and Head of People);
- Developing relationships with partners and exploring opportunities for obtaining support to the trust;
- Promoting relationships with the local community and potential donors;
- Obtaining appropriate legal advice;
- Management and monitoring of specific projects with CFOO e.g. capital projects;
- Developing provision to promote 'best value';
- Developing and updating policies and procedures as required (Alongside CEO and Head of People);
- Supporting the CEO by taking day to day responsibility for delegated items as required;
- Supporting Finance Analysts and individual schools with the day-to-day running of the accounts;
- Work with Finance Analysts in preparing annual budget and monitoring actuals against budgets;
- Work within the trust to prioritise the strategic investment of surplus funds;
- Oversight of the day to day management of financial issues;
- The management of the trust's current financial position;
- Management and maintenance of cash flow monitoring and reporting across the MAT;
- The maintenance of effective systems of internal control;
- Developing and updating policies and procedures as required (Alongside CEO and Head of People);
- Supporting individual schools with the day-to-day running of the accounts and in preparing and monitoring annual budgets (Alongside Finance Analysts);
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the school.
- Providing financial advice to the CEO and Board of Trustees;
- Ensuring the maintenance of school accounting records;
- Ensuring that purchases are made in accordance with 'best value' principles;
- Ensuring regular communication with the internal and external auditors;
- Lead officer for the Finance and Operational Performance, Trust Shared Service and Audit Committees.
- Ensuring financial awareness across the Trust about the use of financial procedures, including business planning;
- Developing and updating the accounting systems for the Trust;
- Ensuring the efficient and accurate operation of the monthly payroll;



- Preparing monthly / quarterly management reports, annual statutory accounts and any other reports as required by the CEO, the Board of Trustees and external funding agencies.
- Identifying and planning audit activities;
- Maintaining an appropriate fixed asset register;
- Provision of financial training to school staff, Trustees and Governors as required.

### **3.6 Role of a Local Governing Body (LGB)**

Local Governing Bodies are required to take responsibility for the financial affairs of their own school, to the extent delegated by the Trustees under the Scheme of Delegation. They are responsible for:

- Oversight of the annual budget at school level;
- Ensuring the school reporting to the trust is timely and accurate;
- Considering the long-term financial viability of their school and taking action where needed (seeking approval where such actions are not with the authority of the LGB)
- Reviewing the school staffing structure, roles and staffing costs with the Principal / CFOO

### **3.7 The Role of the Principal**

The Principal is responsible for the financial affairs of their school. Certain duties are delegated to them by the Scheme of Delegation, and they are also required to support the CFOO in meeting their obligation to the propriety and regularity of the use of public funds in the trust's control.

The Principal should:

- Ensure that funds allocated to their school are spent wisely and efficiently, in line with the annual budget and school development priorities;
- Monitor the annual budget at school level;
- Ensure the school is reporting to the trust timely and accurately;
- Ensure school staffing structure, roles and staffing costs are appropriate to the needs and financial means of the school;
- Approving expenditure up to the Principal limits, ensuring that this is in line with the criteria defined in this policy.

## **4. Related Parties and Register of Business Interests**

The Board of Trustees recognises its responsibility to avoid any conflict between the business and personal interests of individual trustees, members, governors and staff, and those of the trust.

The trust therefore maintains a register of the business interests of each trustee, governor and senior member of staff with significant financial responsibilities, their relatives and other individuals who may exert influence.





All members, trustees, governors and staff with financial responsibility are required to declare any:

- Interests relating to suppliers from which the school may wish to buy goods or services
- Interests in the appointment, salary, promotion or conditions of service of members of staff

The information in the register is considered whenever buying or staffing decisions are made. Any governor or member of staff who has an interest in a business tendering for a contract does not form part of the committee awarding the contract. Any governor or member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the committee recommending or deciding these.

Individuals are required to inform the trust (via the CFOO) of any changes in their interests as these arise so that they can be entered in the register. The register is also updated annually. Nil returns are obtained as appropriate. Any governor or member of staff who is unwilling to declare their interests or complete a nil return is not permitted to influence a buying or staffing decision.

The minutes of any Board of Trustees, Local Governing Body, Finance, Audit and Compliance Committee meeting, or any other committee which can influence a buying decision, record a standard agenda point seeking updates to an individual's business interests.

The only exception to the requirement to disclose a business interest is if the interest is so distant or small that no ordinary, right-thinking person would expect it to influence a person who might have dealings with the firm concerned. In such cases, it need not be disclosed. An example is a modest shareholding in a large public company even if the school has or may have dealings with the company.

The register is freely available for inspection by governors, staff and parents.

The trust maintains a record of gifts and hospitality, as defined in the Gifts and Hospitality Policy and detailed to staff within the Staff Code of Conduct.

Schools are authorised to spend small sums on hospitality, however, this will generally only be provided in the workplace and will usually be restricted to tea/coffee, biscuits, soft drinks or sandwiches. Modest hospitality is occasionally provided outside the workplace, and should be approved by the school's Principal.

#### **4.1 Related Party Transactions**

To minimise the risk of transacting with related parties, the trust will be open and transparent in its reporting on receiving income from or trading with related parties, within the financial accounts. Additionally, the trust will be proactive in its management of transacting with related parties by ensuring that any proposed actions are raised to the CFOO for review, required due diligence and ESFA approval, as required.

Budget holders must raise a request to purchase items from related organisations to the CFOO, in advance of any commitments being made.



All trading cases will be informed to the ESFA, with approval being sought for transactions in a given financial year accumulating to over £20,000.

This will apply to the following related parties:

- Entity where Trustee (or close family member) has (joint) control, significant influence or key management role
- Entity (jointly) controlled by governor, SLT, central team managers, budget holder (Premises Managers), finance team (or close family member)

## **5. Audit**

### **5.1 Public Funds**

The Trust adheres to the external audit regime as outlined in the Academy Trust Handbook and as required by Companies House. The programme for external audit is agreed with the external auditor approximately one month before the audit work is carried out.

The CEO must follow the Anti-Fraud and Corruption Policy (including the necessary notifications) if any of the following are suspected:

- loss or misuse of money;
- financial irregularities; and
- fraud.

### **5.2 Internal audit**

The Audit Committee, CFOO and Internal Auditor will:

- review the risks to internal financial control;
- agree a programme of work that addresses these risks;
- inform the statement of financial control; and as far as possible provide assurance to the external auditors.

## **6. Insurance**

The trust will require schools to take out adequate insurance to meet its obligations as defined in the Academy Trust Handbook. This process is currently arranged by the CFOO. The Insurance cover should include but is not limited to:

- Public Liability Insurance
- Employers Liability Insurance
- Material Damage (e.g. to buildings and equipment)
- Travel Insurance
- Business Continuity
- Motor Insurance

Currently, insurance is provided by the DFE Risk Protection Arrangement (RPA) with the exception of motor vehicle and engineering cover which is provided by a commercial broker.



All insurance claims should be submitted by the Shared Service Strategic Finance Partner, and should be authorised and sent by the CFOO to the insurer.

Where members of staff are required to use their own vehicle for business use, they must provide evidence of adequate insurance cover if they intend to use their vehicle in connection with school business.

## **7. Taxation**

The Trust abides by the procedures issued by HMRC (Her Majesty's Revenue & Customs) in connection with all taxation (both direct and indirect).

The Trust will submit a VAT return for all academies within the Trust on a monthly basis. The VAT reimbursement (the balance between input and output VAT) will be passed onto each school when received from the HMRC. The Trust therefore typically budgets based on net values, assuming full recovery of VAT, but Head of Schools should be aware that there are some areas of the expenditure where full recovery of VAT is not always possible (e.g. lettings expenditure and non-curricular trips). The CFOO should be consulted if there is any doubt regarding how VAT should be budgeted.

## **8. Financial Planning and Budgeting**

The Trust's financial year runs from 1st September to 31st August.

The Trust will set a budget for each financial year, which will normally be drawn up in the summer term prior to the start of the financial year to which it relates.

### **8.1 Revenue Budget**

The CFOO will set and gain approval for the budget for schools within the trust with guidance from Head of Schools and will form a consolidated budget for approval by the trustees. This consolidated budget will be submitted to the ESFA by the appropriate deadline by the CFOO. Schools will be informed of their approved budget by the end of the summer term.

The individual school budgets are constructed using the following processes, and will be completed using a budgeting software held by the Trust:

- an estimation of income, based on the school census, plus estimates for other government grant allocations (e.g. Pupil Premium), lettings and community income, catering income and any other relevant income streams
- an estimation of gross remuneration and incidental costs of staff, based on a staff salary calculator taking account of known retirements, responsibility allowances, sick leave, maternity or paternity leave, training and cover costs etc
- an estimation of operational expenditure, based on known cost trends for utilities, supplies, service level agreements, etc
- the identification of potential efficiency savings
- the allocation of curriculum budgets to departments, using a transparent formula to allocate funds equitably in line with need and school priorities
- an annual review of the school's self-evaluation priorities / school development plan



- the identification of ICT developments on the basis of priorities detailed in the ICT development plan
- the identification of premises developments on the basis of priorities detailed in the premise's development plan
- planning the use of allocations from the government grant allocations (e.g. Pupil Premium) and other restricted funds
- verifying planned levels of unspent balances - ensuring the resulting annual surplus or deficit is in line with plans to recover from an overall deficit position, or build up unspent balances to form an appropriate reserve or to fund future development plans.

The draft budget will include the proposed allowance for each budget line for the coming financial year, and also the forecast amount for the following two financial years, thus providing a 3-year rolling forecast.

The Trust will not normally accept an in-year deficit budget from a school, but will do so in exceptional circumstances, following discussion with the Principal, Finance Analyst and Chair of Governors. Circumstances where a deficit budget may be accepted will include:

- Situations where a school is in financial difficulty, but a financial recovery plan has been agreed and implemented.
- Where urgent remedial / development works are needed and reserve funds are being used to fund these.

Once all individual school budgets have been created, a consolidated budget will be produced, including the budget for spending the central funds (formed of service charge contributions and any other relevant grants or income). In accordance with the scheme of delegation this will be presented to the Trustees for approval.

## **8.2 Capital Budget**

Alongside the development of the revenue budget a 3-year capital budget is developed, which primarily includes School Condition Allocation (SCA) and Devolved Formula Capital (DFC) funding.

DFC allocations for the trust are received in May each year, it is anticipated that DFC funds are primarily used to fund capital projects at school level.

Capital income should be budgeted for in the month of receipt, with capital expenditure being budgeted in the month the expenditure is taking place (as per the Academies Accounts Direction). Note that the treatment of capital income across financial years differs from above, all capital income is recognised in the year it is committed and expenditure is realised once it happens therefore increasing/decreasing the fund across financial periods.

## **9. Financial Monitoring and Reporting**

### **9.1 Monitoring, Reviewing and Reporting**

Schools are responsible for ensuring that funds are spent in line with the approved budget. On a day-to-day basis, this responsibility lies with the Principal and Finance Analyst (supported by the CFOO), and is overseen by the Local Governing Body.



The process of monitoring actual expenditure against budget should be continuous, and budget holders are responsible for tracking the expenditure and commitments against their budgets.

The Finance Analyst will produce a Financial Monitoring Report (FMR) on a monthly basis using a template provided by the Trust. This will report actual spend against budget, as well as commitments and an updated forecast outturn for each budget line. The FMR will also report any actual or anticipated abnormal or capital expenditure in the financial year.

The FMR will be reviewed by the Principal, and will be submitted to the Trust for review on a monthly basis. The Finance Analyst will typically meet with the Principal weekly to review their financial position.

It is expected that the Local Governing Body (or a nominated sub-committee) will review the FMR on a regular basis, in line with a locally defined reporting schedule.

Reporting spend to budget holders should happen every half term in arrears so that budget holders know the status of their budget. Should a budget holder request to see their budget at another time it will be downloaded from the finance system and a copy will be emailed upon request.

## **9.2 Virements**

Schools are expected to adhere to the budgets approved by the Board of Trustees, but it is accepted that changing circumstances will sometimes mean that expenditure needs to be varied.

The actual approved budget shown on the FMR will not change during the year, but schools will reforecast likely outturns monthly and if appropriate can apply to the CFOO to authorise virements between one 'budget line' and another as detailed in Appendix 1

An exception to these limits is any under/overspend that is specifically matched by corresponding income, and this has no impact on the school's financial outturn (for example, if a grant is received to purchase a specific unbudgeted item of equipment). Such instances may be approved by the CFOO.

All virements should be reflected in the 'forecast outturn' in the next FMR.

## **9.3 Overruns**

It is also accepted that there will be occasions when schools may experience an unavoidable overrun that cannot immediately be offset by a reduction in another budget line.

When a school becomes aware of such an overrun, or makes a decision that will lead to one, approval must be obtained at the levels indicated as above (see Virements). A typical example of such a situation would be an essential unexpected building repair (e.g. boiler replacement), or the need to employ an additional staff member (e.g. to support a new student with an EHCP).

Where a school anticipates an overrun, reasonable efforts must be made to attempt to offset the overrun with savings in that academic year, such as by delaying non-essential expenditure in another area of the budget.



#### **9.4 Financial Control Action Plans**

The school should work with the CFOO to develop a Financial Recovery Plan, in instances where a school's forecast of outturn is indicating:

- a forecast deficit;
- cash flow issues; or
- forecast variability (due to internal factors).

The purpose of which is to provide a clear plan of action such that all stakeholders can be assured that finances will be controlled.

This should be reviewed via the school's termly financial review process.

#### **9.5 Financial Benchmarking**

The CFOO will work to benchmark against similar schools nationally, similar schools locally and Trust schools, where required. This will utilise appropriate tools, for example ICFP modelling, benchmarking and external metrics.

#### **9.6 Trust Finances**

A consolidated Trust-level financial management report will be produced on a monthly basis and submitted to the Trustees for review.

The trust will prepare its year-end accounts in the various formats required by the ESFA, the Academies SORP, and relevant charity and company regulations and will present to its external auditors in the agreed timescales required to meet ESFA deadlines.

#### **9.7 Reserves**

Under Fund Accounting rules the trust is able to hold two types of funds:

- Unrestricted Funds – which represent those resources which may be used towards meeting any charitable objects of the trust.
- Restricted Funds – which comprise funds received from the ESFA, DfE and Cornwall/Devon County Councils among other organisations which are applied for specific purposes including the normal running costs of the trust.

The trust needs to hold reserves for a number of reasons, examples of which are listed below:

- Contingency / Minimum Prudent Level of Reserves to deal with unforeseen events that cannot be contained within the annual approved budget
- A planned build-up of funds to pay for some major work, project or replacement programme.
- Funds held from one year to the next to manage variations in funding levels or specifically allocated grants for which carry forward is allowed
- Change management costs e.g. redundancy payments to staff
- Fixed asset funds which are applied to specific capital purposes which the asset acquired or created is held for a specific purpose



The CFOO will ensure that within the Reserves Policy (see appendix 2) the trust will carry forward no more than 20% of the current year's GAG in general funds not designated by Trustees.

It is the policy of the trust to hold reserves to support future education purposes in line with the Improvement Plan and to help bridge any anticipated budget gap over the medium term.

## **10. Cash Flow**

The CFOO is responsible for preparing cash flow forecasts for each school to ensure that schools have sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps are taken to invest the excess funds. Similarly, plans are made to transfer funds from other bank accounts to cover potential cash shortages.

## **11. Accounting Records**

The Trust operates the computerised finance accounting software (PS Financials) and a budgeting software (IMP).

The accounting system and associated processes implemented within the trust reflect the approved regulations, procedures and controls in place for signatories, authorisations, security, access and management of the trust's finances, including:

- Transaction processing;
- Reconciliations;
- Maintenance of signatory list;
- Payroll management;
- Income from all sources and bad debts;
- Banking, Cash, cheque and card handling and accounting in respect of various banks and accounts held;
- Assets; and
- Leasing and Investments.

Access to the system is restricted to the school's employees and those authorised by the CFOO, such as an external auditor. The system is accessed by 'strong' individual user passwords, which should be known only to the user in question. Passwords are changed immediately if an employee is aware that an unauthorised person has learnt their password. If an outside provider uses the computerised accounting system, they are given their own user ID and password.

The CFOO will carry out periodic reviews (at least termly) to ensure that access rights and levels of access are still relevant to the responsibilities of individual users. Access for staff who are no longer employed by the school will be removed as soon as the staff member leaves.

The accounting system complies with the requirements of the General Data Protection Regulations. The system will store data for an appropriate length of time, and with appropriate consideration to IT security and back-up requirements.

The Trust must retain copies of original documents, either in hard copy (retained in the trust shared service offices) or electronic form (stored securely and appropriately backed-up).



Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and signed by an authorised person. The use of correcting fluid or the erasure of information is not permissible. Records should be retained for six years, plus the current year.

All transactions input to the accounting system must be authorised in accordance with the agreed procedures.

The CFOO is responsible for ensuring that the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- aged debtor and creditor lists;
- purchase ledger control account;
- payroll control account;
- all other balance sheet accounts as required in the month-end process
- all suspense accounts; and
- bank balance per the nominal ledger to the bank statement.

## **12. Payroll and Staffing**

The trust has established procedures to delegate staff appointments, terminations and salary levels to the CEO and local school Principals as defined in the Scheme of Financial Delegation and the Pay Policy.

The trust currently runs its own payroll in house but may decide to use other service providers (agents) in future. Responsibilities of the payroll department include:

- responsibility for making returns to HMRC and the dates by which these returns should be made;
- details of ownership of programs and data files;
- responsibilities for the control and accuracy of data;
- details of authorised signatories for payroll amendments;
- back up provisions;
- a schedule of reports available to the trust for financial and personnel monitoring purposes;
- provision for access to information for school staff and auditors.

The internal payroll team is currently instructed to process the payroll of each school separately. They will not process salary changes authorised by the person whose salary is changing. The CEO will authorise any changes to the salary of a Principal, and the Chair of Trustees will authorise any changes to the salary of the CEO.

Payments are made as follows:

- net payments to staff, by BACS, to employees of the school
- HMRC payments, by the payroll agent through the trust bank account, to HMRC
- teachers' pensions and local government pension scheme payments, arranged through the payroll agent
- overtime claims, as part of net payments to staff, through the payroll as per submissions by the CFOO/HR Manager
- any additional allowances or taxable benefits



The Head of People is responsible for checking that payroll information is monitored on a monthly basis to enable checks and reconciliation to take place.

No individual will be treated as 'self-employed' unless they can be demonstrated to meet the criteria defined in IR35.

### **13. Income**

The Trustees have overall responsibility for ensuring that all income due to schools within the trust is properly accounted for. Day-to-day responsibility for this is delegated to the trust CFOO.

#### **13.1 Handling of cash and cheques**

The trust encourages schools to accept funds electronically wherever possible (e.g. via BACS transfer and through intermediary school payment providers, such as ParentPay). It is, however, appreciated that this will not always be possible, and that other payment methods, such as cash and cheque may occasionally be necessary.

To enable proper handling of cash and cheques, teachers and other school staff must pass any collected payments to their school finance assistant (if on site) at the earliest possible opportunity, securely storing such items at all times.

A receipt should be issued in relation to any cash sum received of over £100.

Appropriate records should be kept of all income to allow subsequent audit of the income received and investigation of any discrepancy.

In line with Appendix 1 all cash and cheques must be held in an appropriately secure location; in any circumstance, no more than £500 in cash should be stored overnight outside of a locked safe. All cash should be banked intact and recorded on paying-in slips. Bank paying-in slips should show the split of cash and cheques, and records should be kept of which cheques have been received and from whom.

The trust is responsible for arranging safe and robust methods for banking monies, either through trips to the bank or through a cash-collection service. Schools should not store more than £10,000 on their site overnight (regardless of how it is stored) and should arrange to bank funds immediately should this be likely to occur.

Schools are responsible for their own local controls over incoming funds and should ensure that these are proportionate to the sums of money involved, using segregation of duties wherever this is possible.

#### **13.2 Letting of School Facilities**

Schools have delegated authority to define their own policy for letting out facilities to individuals and organisations in accordance with the Lettings Policy and with the support of the trust's Head of Catering and Lettings.



### **13.3 Income from Business Trading Activities**

Schools may generate income through business trading. Such trading must be recorded correctly within the finance system so that the level of activity can be monitored across the trust and potential tax liabilities identified. Schools should inform the CFOO immediately of any unbudgeted trading activity likely to generate an income of more than £10,000.

### **13.4 Bad Debts**

Schools should chase all overdue income using appropriate means of communication (typically telephone, email and letters). Schools should aim to recover all overdue income as soon as possible, though should be alert to potential family financial difficulties and consult with teaching / pastoral staff where a concern is identified. Where a severe financial difficulty is identified, schools may consider other means of addressing the debt, such as the use of hardship funds.

If it becomes clear that a debt will remain unpaid and all possible options to achieve recovery have been exhausted, a debt write-off may be considered. Principals may authorise a write-off of up to £100; debts in excess of this must be referred to the CFOO.

Schools should record all debt write-offs, which will be reviewed annually by the trust.

The ESFA's prior approval is obtained if debts to be written off are above the value set out in the Academy Trust Handbook.

## **14. Fraud**

The trust is committed to ensuring that it acts with integrity and demonstrates high standards of personal conduct. Everyone involved with the trust has a responsibility in respect of recognising, detecting and preventing a potential fraud. Full details are held within a separate Anti-Fraud and Corruption Policies.

The trust also recognises the vital role of others in alerting them to areas where there may be a suspicion of fraud. Further details are provided in a separate Whistle-blowing policy.

## **15. Banking**

The trust currently banks with Natwest. This will periodically be reviewed. The trust uses a banking platform called Natwest Bankline, managing all trust finances through shared current and deposit accounts. The trust is able to set up users and appropriate levels of authority, as detailed in Appendix 1.

35- and 95-day notice savings accounts are held with Nationwide. Each holds a balance of £1,000,000. Trustees also approve investment of £1,000,000 in a 4-month treasury bond which is review each time the bond matures.

The trust ensures that all transactions on its bank accounts comply with DFE/ESFA regulations and with relevant, current accounting instructions and procedures issued by the DFE/ESFA.

The trust will not normally overdraw any of its bank accounts or arrange with its bankers for overdrafts or loans. Schools will be permitted to apply for a business corporate card (see



below). Any other borrowing must be approved by the CFOO, and will not normally be permitted (apart from borrowing from the trust or the ESFA).

All bank accounts are reconciled on a monthly basis and checked by the CFOO.

The central bank account signatories will be the CEO, CFOO and Heads of People and Estates.

## **16. Payments**

### **16.1. BACS**

Wherever possible, BACS should be used to make payments on behalf of the trust. The finance team prepares a BACS file on the computerised finance system and uploads the file onto Natwest Bankline

Two of the bank signatories authorise the file on Natwest Bankline at separate times in the same day (If the CFOO uploads the file, they will be unable to authorise that file). The signatories should check that:

- The first authoriser must check all invoices listed are correct on the file and match Natwest Bankline
- The first authoriser must also check that the bank details on each invoice match the supplier details being paid on Natwest Bankline
- The first authoriser must approve the amount of the BACS and number of payments on Natwest Bankline, signs the authorisation sheets and then pass to the second authoriser the main sheets of BACS and any large/paperwork for payments they may need sight of
- The second authoriser double checks the amount on Natwest Bankline match and that the first authoriser has checked all invoices/bank details then authorises on Natwest Bankline, signs the paperwork and then passes back to the finance office for filing.

### **16.2. Cheques**

In the very rare instances where cheques are used, they must not be pre-signed, and should be crossed 'account payee only'.

Cheques should always be authorised by two signatories in line with the authorisation levels as shown by Appendix 1. Signatories should check, before signing, that a purchase order is in place for the transaction and is signed by an appropriate authority given the value (see Section 19). If not, approval from the appropriate authority must be obtained in writing before signing the cheque.

Signatories may not authorise a payment that is issued to themselves or an organisation with whom they have a close connection (see Section 4 – Register of Business Interests).

### **16.3 Business Corporate and Charge Cards**

Schools are authorised to hold a charge card for the Principal's use only. The following controls must apply:

- The credit limit on each card will be subject to a maximum limit as defined in Appendix 1.



- The school's card transactions will be charged to the school's budget account by direct debit monthly.
- The balance on the card is to be paid in full each month.
- Cards must be kept in a locked cabinet and released only to the Principal for the purposes of making a specific transaction.
- Sales vouchers, invoices and requisition forms must be authorised in accordance with the usual procurement procedures of the trust, and must be kept for every transaction and checked by the finance team against the amounts entered and reconciled with the bank statements and credit card statements monthly.
- The expenses are posted to the relevant budgets.
- The CFOO must be notified when a new card is required.
- Trust charge cards must not be used for personal expenditure under any circumstances, even if the intention is for funds to be repaid at a later date.
- Cash withdrawals must not be made using a business card.
- The Purchasing Card statement must be reviewed and approved each month in line with the authorisation levels as shown in Appendix 1.

#### **16.4. Cash Cards**

Schools are able to use cash cards (cards pre-loaded with cash), as an alternative to petty cash.

#### **16.5. Petty Cash**

Petty cash is not to be held by any school. BACS transactions will be the preferred method of payment however the facility to make faster payments will be available for urgent one off payments, which will need approval by the CFOO.

### **17. Travel and Expenses**

The trust will reimburse staff, trustees and governors for legitimate expenditure incurred on behalf of the trust. All such expenditure must be in line with the Expenses Policy, and should generally be pre-approved. Individuals should be aware that the trust cannot guarantee that reimbursement will be made unless such pre-approval is in place.

### **18. School Private Funds**

Private Funds (sometimes known as School Funds) can be used to fund extra-curricular events and activities, fundraising events, student body / house activities and some business activities. They are funded by parental payments for trips and activities, and donations from parents, staff and pupils.

Schools may also hold a separate 'annual fund', formed from donations from staff, parents and supporters, with the objective of advancing and enhancing the education of the students of the school by providing and assisting in the provision of facilities and activities not required to be provided by ESFA General Annual Grant.

Private and Annual Funds are legally the property of the trust and therefore sit under the trust's company registration, are subject to relevant legislation and regulations and will be included in the trust's financial statements and subject to the annual audit. However, it is



recognised that such funds are typically raised within individual schools and the Trustees would normally expect such funds to be used within the school in which they were raised. In the event of a school closure, any remaining funds will be used elsewhere within the trust, as directed by the Trustees.

Private and annual funds are subject to the banking arrangements and financial controls described in this document, as per as all other funds.

## **19. Fixed Assets**

### **Asset Register**

The trust will maintain a central Asset Register in line with the limits detailed in Appendix 1. This register should include details of all capital projects and individual assets with costs greater than those defined in Appendix 1.

Capitalised assets are not necessarily bought on a single order; so long as a group of items is purchased within the same accounting period they will be capitalised as a single entity. The register should record:

- asset description;
- serial number;
- date of acquisition;
- asset cost;
- depreciation;
- current book value;
- location;

The asset register and inventory should be checked annually and any missing items investigated.

Assets excluded from the Fixed Asset Register are current assets and stock. Current assets include cash and bank balances which are controlled through reconciliation to control accounts on a regular basis.

Any disposal of land must be approved by the Trustees (following consultation as specified in the Scheme of Delegation) and will be subject to approvals as necessary from the Secretary of State and any other relevant bodies.

No item is sold, leased or hired to a third party without the approval of the CFOO. Assets should all have an asset tag.

Disposals and write-offs of assets are authorised in line with the limits within Appendix 1.

Items no longer required will be sold where the income generated is likely to justify the effort involved in a sale. Such sales will normally be the responsibility of the school in question to organise, and the school will usually benefit from the funds generated.

The following records are kept for disposals:

- the item disposed of
- the date of disposal
- the method of disposal



- the proceeds of sale or how disposed of if scrapped
- the person authorising the disposal

### **19.1. Losses**

All losses of school property should be reported to the relevant Principal. The Principal will inform the police if the loss is a result of burglary or theft and the CFOO will contact the insurance company if appropriate. Action should be taken immediately to prevent further loss.

Schools should maintain a record of losses and any insurance monies received. The Local Governing Body and Board of Trustees should be informed of all losses exceeding those set in Appendix 1.

Any losses due to fraud should be treated as per the Anti-Fraud and Corruption Policy.

## **20. Procurement**

The trust seeks to ensure that its procurement achieves best value for the public funds entrusted to its member schools. Purchases should be made in an economic, efficient and effective manner, to maximise the effectiveness of resources on the academic endeavour of the schools.

### **20.1. Suppliers**

The Finance Office selects suppliers on the basis of their capacity to provide quality, quantity, service, timely delivery and price competitiveness. Volume discounts and payment terms are considered.

All suppliers are expected to meet the expectations of ethical conduct laid out in our Modern Slavery statement, and will have their contracts terminated if this requirement is breached.

The trust does not operate a formal 'approved supplier list', but the trust will work to maintain a list of effective suppliers in an effort to share best-practice across schools.

### **20.2. Quotations**

Quotations must be obtained as follows and in conjunction with the limits shown in Appendix 1:

- One Quotation – catalogue price lists or written quotation must be obtained, and value for money demonstrated as appropriate the value or situation. In many cases, this will involve obtaining multiple quotes, but this is not mandatory (e.g. for low value items; if the successful supplier has recently proved to be well priced on a similar item; if changing from an existing supplier will be excessively disruptive given the likely saving)
- Two / Three Written Quotes - and or a purchasing framework agreement used, and a procurement assessment form completed and held at school level (Appendix 2). The best value offer should be accepted (if this is not the lowest acceptable offer then this decision must be clearly justifiable).
- Formal Tender Process - Purchases or contracts worth more than £50,000 a formal tender process should be run with at least three appropriate organisations invited to

tender (and, ideally, at least three tenders returned). Where OJEU thresholds are exceeded, a complaint process should be run, or appropriate framework agreement used. Professional advice should be taken where necessary, and the CFOO must be informed in advance of the tenders being issued. Formal tender processes will include a requirement for suppliers to report on their ethical trading and to confirm that they comply with the Modern Slavery Act 2015.

Where multiple quotes are required, schools should work with their Finance Analyst, and store all proposals alongside the relevant Purchase Order. CFOO approval is required if it is not possible to obtain the necessary number of quotations.

### **20.3. Approvals**

Purchases or contracts must be approved by the budget holder and CFOO, and an appropriate authority, provided that they fall within the approved budget, as per the limits within Appendix 1.

### **20.4. Purchase Orders**

All orders for goods and services should be ordered via the Finance Office. Wherever possible, a computerised, auto-numbered purchase order will be emailed to the supplier from the finance system, however it is acknowledged that this may not be possible in some circumstances (e.g. when items are being ordered on the school payment card). POs should clearly state the items being purchased, using stock numbers and quote references where appropriate.

Orders should only be made by telephone in exceptional circumstances and should then be confirmed in writing. Copies of any cancelled orders are retained within the finance system and marked as such.

Official school orders are not generated for the private use of individuals.

### **20.5. Receipt of Goods**

All goods received are delivered to the budget holder who carries out a check to ensure that the delivery is complete. The 'Goods Received Note' (GRN) should be actioned by the budget holder on PS Financials. Any shortages or defective items should be immediately reported to the Finance Office to be followed up with the supplier.

### **20.6. Purchase Invoices**

All invoices should be passed to the Finance Office as soon as they are received, where they will be entered onto the accounting system. Invoices will only be paid when the receipt of goods has been confirmed and the invoice has been approved for payment in line with Appendix 1.

Overruns to an approved purchase order must follow a re-approval process to correct the approved value and in line with the limits set out in Appendix 1, prior to invoice payment.

Finance administrators should review the creditors' ledger regularly and select invoices for payment when required. It is the policy of the trust to pay all invoices by the due date (unless disputed) and to take advantage of any discounts available for early settlement where this is to the trust's advantage.



## **20.7. Credit Notes**

Credit notes are retained with the relevant invoices when they are received.

## **20.8. Transactions between the Trust and Trading Subsidiaries**

In order to demonstrate arm's length arrangements are in place, transactions between the trust and any trading subsidiaries established, must be treated in the same way as transactions with other 3rd Parties and as detailed within this policy.

## **21. Leasing**

Schools may enter into leasing and hiring arrangements provided that these are entered into in accordance with the procurement guidelines and approval limits covered in Appendix 1.

The trust (and its member schools) is not authorised by DFE/ESFA to enter into a finance lease and in the case of doubt, any lease should be referred to the CFOO to be checked before signing.

No leased item is disposed of without the express permission of the leasing company. This includes sale, part exchange, scrapping, writing off, donating, re-leasing, subletting or any other form of disposal.

## **22. Investments**

Investments are made only in accordance with the Reserves and Investments Policies.

## **23. Ex-Gratia Payments**

All ex-gratia, severance or compensation payments (outside of normal contractual requirements) must be referred to the CEO for approval, and must be made in accordance with the Academy Trust Handbook. The Board of Trustees and Local Governing Body must be consulted about payments above £10,000, and any payments above £50,000 must be approved in advance by the Board of Trustees and the ESFA. See Appendix 1

## **24. Glossary**

School Private Funds – Money raised through parental donations/payments for specific events/trips.

Annual Funds – Money raised via donations/contributions from parents to enhance curriculum budgets within schools.

Restricted Funds – Funds restricted in use in line with terms outlined by the funder (i.e. Pupil Premium Grant)

Unrestricted Funds – Funds available for use as required by the trust and schools.

Virement – Transfer of funds between budget headings.

Hardship funds – Funds allocated to support staff or students in financial hardship



## 25. Gifts and Hospitality

The trust Gifts and Hospitality Policy is intended to assist all staff members in following the various trust guidance and relevant legislation on the giving and receipt of hospitality or gifts.

The policy covers both the receipt and delivery of hospitality and gifts to / by members of staff, in their capacity as employees of the trust.

The term 'gifts' is deemed to include:

- goods provided for personal or private use
- personal services
- loans of equipment, vehicles etc. for personal use
- the provision of goods and / or services at preferential cost (including loans of money) for personal or other private use

The term 'hospitality' is deemed to include the offer or receipt of:

- food and drink
- travel
- accommodation
- entertainment

### 25.1 Legal Framework & National Guidance

The Bribery Act 2010 seeks to prevent corrupt practices and ensure fair and impartial conduct in official matters. It prohibits both the offering and accepting of bribes, holding both parties involved accountable for their actions. Under the Bribery Act 2010, it is an offence for employees to accept gifts or consideration as an inducement or reward for certain actions in their official capacity:

- Doing or refraining from doing anything in their official capacity: It is an offence for an employee to accept gifts or consideration as a bribe in exchange for performing or refraining from performing any action in their official capacity. This includes actions related to their duties, responsibilities, or decisions in their role.
- Showing favour or disfavour to any person in their official capacity: It is also an offence for an employee to accept gifts or consideration as a bribe in order to show favouritism or disfavour to any person in their official capacity. This means that accepting gifts or inducements with the intention of influencing the treatment or outcome of a particular person or organisation can be considered bribery.

### 25.2 General Principles

The trust is responsible for ensuring the guidelines are brought to the attention of all employees, and that a framework is put in place to ensure they are effectively implemented.

It is the responsibility of staff to ensure that they are not placed in a position which risks, or appears to risk, conflict between their private interests and their duties at the trust. This applies to both staff who commit resources directly (e.g. the ordering of goods or services) or indirectly (e.g. by policy development).



The provision of the policy shall be held to apply to all staff members. There is no seniority threshold. In cases of doubt, individuals should clear the acceptance of gifts or hospitality with the Principal, CEO or CFOO.

Each employee has a personal responsibility to declare hospitality and gifts in accordance with the policy. Non-compliance with the policy may lead to disciplinary action. Staff also need to be aware that a breach of the provisions under legislation may make them liable to prosecution and may also lead to loss of employment.

Any hospitality or trivial gifts accepted should be entered on a Gifts and Hospitality Register maintained within the Finance Office. It should be noted that this register is not a confidential document and should be made available to interested parties on request.

It is the responsibility of the CFOO to periodically review the Gifts and Hospitality Register.

### **25.3 Receipt of Hospitality**

#### **Acceptable Hospitality**

Modest hospitality is an accepted courtesy of a business relationship. However, the recipient should not allow themselves to reach a position whereby he or she might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality.

The frequency and scale of hospitality accepted should not be significantly greater than the recipient's employer would be likely to provide in return.

Any hospitality accepted of a value exceeding £20 should be recorded on the register.

#### **Unacceptable Hospitality**

Any hospitality which does not fulfil the criteria in the above paragraph will be unacceptable. Where this is not easy to decide, the offer should be declined or advice sought from the CFOO. Any significant hospitality offered to trust employees whether accepted or declined should be recorded in the register.

#### **Commercial Sponsorship**

As a general principle, all offers of hospitality received from commercial third parties should be refused. Attendance at relevant commercially sponsored conferences and courses is acceptable but only where acceptance will not, and cannot be seen as compromising purchasing or other decisions in any way. Receipt or provision of such sponsorship should be recorded in the register.

Employees should pay particular attention to the circumstances in which hospitality is offered; the provision of hospitality by an individual or organisation during a tendering process or where a contract is shortly to end, or where performance of the contract is in question, or in any other circumstances where acceptance might compromise the position of the employee or of the trust, is not acceptable.

#### **Provision of Hospitality**

The provision of hospitality by employees of the trust to representatives of other organisations should be modest and appropriate to the circumstances.



Provision of hospitality by the trust to employees or others would not normally be appropriate except in the case of working lunches in the course of meetings or workshops.

The use of trust monies for hospitality and entertainment at conferences and seminars should be carefully considered. The trust needs to be able to demonstrate good value in incurring public expenditure.

Note that where individuals have accepted hospitality from another organisation, for example, in order to fulfil a speaking engagement this should be of a value equivalent to that normally provided by the trust and there is no further entitlement to claim expenses from the trust.

Hospitality must be secondary to the purpose of any meeting and the level must be appropriate and in proportion to the event. The costs involved must not exceed the level which the recipients would normally adopt when paying for themselves at such an event or that which could be reciprocated by the trust.

#### **25.4 Business – gifts**

##### **Acceptance of gifts**

Employees should not accept gifts which may be or be capable of, being construed as being able to influence a purchasing decision or cast doubt on the integrity of such decisions.

Personal gifts offered by parents and students to members of staff, for example, at holiday or end of term times, should be recorded on the Gifts and Hospitality Register if the estimated value is in excess of £20.

In certain instances, for example, where a class contributes collectively, gifts greater than a value of £20 up to a maximum value of £250 may be accepted, but must be recorded on the Gifts and Hospitality Register.

Where it is difficult to decide whether a gift should be accepted or not, advice should be sought from the Principal.

Commercial or corporate business gifts and donations made to a school or the trust other than items of very small intrinsic value should be reported separately to the Principal / CEO and added to the register.

Presents and donations to a school or a department should be reported and added to the register. It is at the discretion of individual members of the Senior Leadership Team as to whether or not the gift may be kept by an individual.

All gifts or hospitality received valued at over £20 shall be acknowledged in writing and a copy of that acknowledgement shall be forwarded to and held on file by the finance assistant.

##### **Giving of gifts**

Charitable donations should not be given by any member of staff, on behalf of the trust.

##### **Monetary gifts**

The acceptance or giving of cash is not acceptable in any circumstances.



### **25.5 Records of Hospitality and Gifts**

All gifts and hospitality must be recorded on the Gifts and Hospitality register. When in doubt, employees are advised to record any matters concerning gifts and hospitality which may be covered by this policy to ensure that an individual does not expose themselves to risk.

The information required for the hospitality and gifts register is set out below:

- date of entry
- name of recipient / provider
- job title
- nature and purpose of hospitality or gift received or provided
- the name of any other organisation involved
- estimated value

Submissions should be made as soon as is practically possible.

### **25.6 Gifts and Hospitality Given**

Small sums on hospitality are allowed for staff however, this will generally only be provided in the workplace and will usually be restricted to tea/coffee, biscuits, soft drinks or sandwiches.

A pool of refreshments such as tea, coffee, milk and sugar for consumption by visitors and staff is permitted and the purchase of these items. If employees have any doubt about whether an item should or should not be recorded they are advised to record it.

The Hospitality register will be reviewed annually by the Principal / CEO and from time to time by the CFOO. It will be available to the External Auditors.

## **26. APPENDICES**

### **26.1 APPENDIX 1: Financial Authority and Approval Limits**

#### **26.1.1 Terminology**

- 'COT' refers to the Chair of Trustees
- 'CEO' refers to the Chief Executive Officer
- 'Principal' refers to the Principal/Exec Principal (Primaries) in a school
- 'CFOO' refers to the Chief Finance and Operations Officer of the trust
- It is assumed that authority can be delegated to acting Heads of/Office Managers in case of absences;

#### **26.1.2 Scheme of Delegation - Financial Limits**

This document should be read in conjunction with the Scheme of Delegation of Financial Authority which sets out the financial limits which are delegated throughout the trust.

#### **26.1.3 Suggested Delegated Limits**

The financial limits herein are maximum thresholds set by the trust. The trustees may however decide to introduce tighter controls, for example through:

- Reducing the limits delegated to relevant roles within a school, by introducing additional financial procedures.

#### **26.1.4 Committee Approval**

Where a committee approves a purchase, the Purchase Order will be signed by a trustee sitting on the committee in question. The committee's decision should be recorded in the minutes of the meeting in which the decision was made. A committee may delegate the authority to make this decision to a committee member, for example in a situation where it is known that a tender process is due to complete imminently, and it will not be possible to reconvene the entire committee in the necessary timeframe.

#### **26.1.5 Electronic Approvals**

The trust currently accepts clear electronic approvals sent from an individual's email account or electronically recorded approvals utilising the finance systems approvals functionality.



### 26.1.6 Authority levels

<b>Quotations:</b>	
1 x Written Quote or Cat. Price Comparison	<£25,000 (£50,000 for building or civil engineering works)
3 x Written Quotes	£25,000 - £50,000 (£50,000 to £100,000 for building or civil engineering works)
Formal Tender Process with ideally 3 responses from ITT	>£50,000.01 (£100,000+ for building or civil engineering works)
<b>Orders/Contracts:</b>	
Budget Holder	<£5,000
Shared service strategic finance partner	£5,000.01 - £10,000.00
CFOO	£10,000.01 - £100,000
Chair of Trustees or Chair of Audit Committee and CFOO	£100,000.01+
<b>Invoice Approvals:</b>	
Budget holder only	Up to purchase order value
Budget holder and CFOO	All Non Order invoices and certification of amount over purchase orders
<b>Budget Virement Authorisation Limits:</b>	
CEO or CFOO	Up to £100,000
Finance and Operations Performance Committee	£100,001+
<b>Prepayments:</b>	Any expenditure which spans across to the next financial year which has a value in the next year over £1,000. Prepayments are released monthly into budgets.
<b>Bank Signatories:</b>	
Group A	EM / GS / BP / SSA (any two of A & B up to £100,000)
Group B	GF / DG / DC / JD (any two of A & B up to £100,000)
Group A and Group B	Two x A and One x B (over £100,000)
<b>Cash:</b>	
Overnight outside of safe but in locked receptacle)	Up to £500
Overnight inside the safe (Cash must be stored in a safe with a separate log kept of the amount in the safe. Amounts over £5,000 must be banked the day of receipt)	Maximum of £10,000
<b>Charge Cards:</b>	
Overall trust credit card combined limit	£45,000
CEO	£1,500 limit



Trust virtual credit card	available balance remaining up to £45,000
Individual school card	£500 per school
<b>Cash Cards:</b>	
<b>Holding account</b>	up to £5,000
Individual cards per School	up to £150
Individual trip cards per School	Balance of the trip or less
<b>Banking:</b>	
Two members of staff to take to the bank	>£2,000
<b>Cheques:</b>	
2 signatories at all times	Up to £1000 from one group >£1,000 needs a signatory from each group
<b>BACS:</b>	
BACS File must be authorised by two signatories on the bank	Two signatories, from either group
<b>Payroll:</b>	
Additional hours, mileage, travel and subsistence	Schools - signed off by line managers Shared service staff, including CEO - CFOO CFOO - CEO
Contract Variations	Principal and Finance Analyst
Payroll Reconciliation to budget	Finance Analyst
Payroll Authorisation	Head of People, CFOO, CEO
<b>Fixed Assets:</b>	
Individual Assets	>£3,000
Aggregated Asset purchases (Projects)	>£3,000
<b>Disposals, Write-offs and losses:</b>	
CEO	<£7,000
Finance and Operational Performance	>£7,000.01 - £45,000 (or 1% of total annual income, whichever is smaller)
ESFA	£45,000 (or 1% of total annual income, whichever is smaller) per single transaction.  Cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have submitted timely unqualified accounts for the previous two financial years.
<b>Ex-Gratia Payments:</b>	
Board of Trustees & ESFA	All values need to be referred to ESFA prior to approval

## 26.2 APPENDIX 2: Reserves Policy

### **Primary Reasons for Maintaining Reserves:**

Athena Learning Trust recognises the importance of maintaining reserves as a fundamental financial strategy. The primary reasons for maintaining reserves are:

**Financial Stability:** Reserves serve as a safeguard to ensure the financial stability of Athena Learning Trust, providing a safety net in case of unexpected expenses or economic uncertainties.

**Risk Mitigation:** Reserves offer a means to mitigate potential risks, both operational and financial, which may arise during the operation of Athena Learning Trust and its schools.

**Long-Term Sustainability:** Reserves support the long-term sustainability of Athena Learning Trust and its educational mission, helping to ensure the provision of high-quality education to students.

**Budgetary Flexibility:** Reserves provide budgetary flexibility, allowing Athena Learning Trust to pursue opportunities for improvement and innovation without compromising the financial health of the organisation.

### **Changing Approach to Reserves as the Trust Grows:**

As Athena Learning Trust grows, its approach to reserves will evolve. The Trust will regularly assess its financial needs, considering factors like the number of academies, student population size, and changing financial demands. This ongoing evaluation will lead to adjustments in the reserves policy to align with growth, maintaining a balance between financial stability and strategic investments. The CFOO, along with the CEO and Director of Finance, will review the reserves policy annually, presenting recommendations for updates to the FOP committee at the beginning of each academic year and as part of the annual cycle, with final approval by the full board.

### **Opportunities that Reserves Present for the Trust in Taking Risks:**

Reserves are a valuable asset that enables Athena Learning Trust to take calculated risks in pursuit of educational excellence. By having adequate reserves in place, Athena Learning Trust can seize opportunities for improvement, innovation, and expansion. This may include investments in educational programs, infrastructure, staff development, or other strategic initiatives that advance Athena Learning Trust's educational mission.



**Need for a Minimum of 6% Reserves:**

To allow for reasonable assumptions in budget planning as Athena Learning Trust grows, a minimum reserve level of 6% of the annual budget is required. This level of reserves ensures Athena Learning Trust's ability to absorb unforeseen financial challenges while maintaining the financial health and sustainability of the organisation.

**Allocation of Surplus at Year-End:**

At the close of each financial year, it is Athena Learning Trust's policy that any budget surplus within the individual schools will be transferred to the central reserves, except for funds designated as restricted reserves. This consolidation of surplus funds ensures a centralised approach to financial management and planning.

**Review of Restricted Reserves:**

Restricted reserves will be reviewed every two years to prevent excessive carry-forward of funds and to assess whether the restrictions remain applicable or need adjustment. Athena Learning Trust will involve the relevant stakeholders in this process to maintain transparency and ensure that restrictions align with Athena Learning Trust's mission and goals.

**Opportunity for Schools to Carry Forward Surplus:**

In situations where schools wish to carry forward a surplus into the new financial year, a business case must be submitted and approved by the Finance and Operations Performance Committee. This ensures that any carried-forward surplus is aligned with the strategic objectives of Athena Learning Trust and contributes to the educational mission.

This Reserves Policy is designed to guide the prudent and strategic management of Athena Learning Trust's financial resources, safeguarding its long-term sustainability and commitment to delivering high-quality education to its students.

**Drawing Down Against Reserves:**

In accordance with the principles of transparency and sound governance, the process for drawing down against reserves will follow these steps:

**Submission of Business Case:**



The CEO, in consultation with the executive team, is responsible for developing a comprehensive business case outlining the specific need, amount, and purpose for drawing down against reserves. The business case should include a detailed financial analysis, impact assessment, and a clear explanation of how the drawdown aligns with the strategic objectives of the MAT.

**Review by Finance and Operations Performance Committee:**

The business case will be presented to the Finance and Operations Performance Committee, which consists of members with financial expertise and knowledge of MAT operations. The committee will thoroughly interrogate the business case, evaluating its financial implications and strategic relevance. The committee may request additional information or clarifications as needed.

**Recommendation to the Full Board:**

Upon review, the Finance and Operations Performance Committee will formulate a recommendation regarding the drawdown request. This recommendation will be presented to the full Board of Trustees for approval. The recommendation should include an assessment of the financial impact on reserves and an evaluation of the strategic merits of the drawdown.

**Board Approval:**

The full Board of Trustees will make the final decision regarding the drawdown against reserves. Their decision will be based on the recommendation provided by the Finance and Operations Performance Committee, with a focus on the long-term financial sustainability and alignment with the MAT's mission and strategic goals.

**Documentation and Reporting:**

The entire process of drawing down against reserves, including the business case, recommendations, and the Board's decision, will be documented and reported to ensure transparency and accountability.