



Alderman Pounder Infant and Nursery School

Policy for Financial Procedures

Document Owner: Head Teacher

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Revision History

Version	Revision Date	Next Review Date	Summary of changes and author
1.0	Summer 2013	Summer 2014	Policy incorporated (Julie Hemsley)
1.1	Summer 2014	Summer 2015	New business manager. New delegated amounts. New signatories
1.2	Autumn 2015	Autumn 2016	New Bank Account (GA)
1.3	Autumn 2015	Autumn 2016	Credit card limits. Updated names. Petty cash statements.
1.4	Autumn 2016	Autumn 2017	Addition of childcare voucher statement, and payments into school bank account, removal of fax machine, removal of vending machine statement and school does not have a debit card. Agreed Resources 17.10.16
1.5	Summer 2018	Summer 2019	New policy in line with FHT complaints procedures Agreed Resources 21.05.18

Academy Trusts are companies limited by guarantee and, under the terms of the Academies Act 2010, exempt charities. The Board of Trustees (the Board) of the Flying High Trust Partnership (the Trust) are therefore subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them.

The Board has responsibility under statute for ensuring that the Trust's funds are used only in accordance with the law, their powers under the Funding Agreement (including the Trust's Articles of Association which sets out the powers of the Trust and its governance arrangements), and the Education Skills Funding Agency (ESFA) 'Academies Financial Handbook.

The Board have wide discretion over the use of the Trust's funds. They are responsible for the proper stewardship of those funds and for ensuring value for money in their use through the principles of economy, efficiency and effectiveness. They must also ensure that any discretion is used reasonably, and takes into account any and all relevant guidance on accountability and propriety.

The Board recognise the need for good financial control over the Trusts' resources, and has formulated this policy in order to achieve the required standards of financial management across the Trust. The Policy also provides a standardised approach to all finance related tasks within the Trust and its academies.

This policy should be used in conjunction with the Academies Financial Handbook.

This policy applies to all Trust Academies, and adherence to its principles and procedures is mandatory for all Trustees, Governors and staff.

1. ROLE OF THE TRUST

2.1 The Board of Trustees

Role:

The Board have a strategic role in determining the educational and financial priorities of Trust, ensuring that the financial resources are used effectively and that adequate internal controls are in place throughout the schools within the Trust.

Responsibilities:

The Board have overall responsibility and ultimate decision making authority for all the work of the Trust, including business planning and monitoring of budgets. The Board is permitted to delegate various functions to the Local Governing Body in accordance with clause 5 of the Scheme of Delegation for the Academy.

The following powers **shall not be delegated** and will remain with the Board:

- The powers set out in Articles 5 (a), (c), (e), (g), (l), (m), (n), (o) and (q) of the Articles of Association of the Trust.
- Ensuring compliance with the Trust's duties under Company Law and charity law, and agreements made with the EFA (including the Master Funding Agreement and any Supplemental Funding Agreement).
- Ensuring the solvency of the Trust, safeguarding its assets and delivering its charitable outcomes.

- The approval of the Trust and Academy's financial policies.
- Approving the statutory Trust Report and Accounts to Year End 31 August.
- To receive reports from the Local Governing Body and make recommendations to the Local Governing Body.
- Selling or otherwise disposing of any asset which is of a value in excess of 10% of the total net book value of all assets belonging to an Academy.
- Creating or allowing to come into being any third party interest (other than a lien on assets arising in the ordinary course of trading or a charge operating as a result of a title retention clause).
- Giving any guarantee or indemnity other than in the ordinary course of business, the value of which exceeds £1,000.
- Entering into a contract or arrangement which is of a value of in excess of 10% of the General Annual Grant (GAG) for the Academy per year or which the termination provisions require more than six months' notice.
- Acquiring assets having a market value in excess of 5% of the GAG for the Academy.
- Entering into, varying or terminating any lease, licence, tenancy or other similar arrangement.
- Any lending.
- Entering into any other arrangement in the nature of borrowing (including debts factoring, invoice discounting, hire purchase, equipment leasing, conditional or credit sales or any off balance sheet borrowings) if the value of the amount borrowed exceeds 5% of the GAG for the Academy.
- Terminating or varying the terms of any contract that has a value in excess of 10% of the GAG for the Academy.
- To approve all intended purchases with an estimated value of £25,000 or more.
- Engaging any employee or consultant whose annual pay per annum exceeds the total pay per annum of the Head teacher of any Academy.
- Varying the terms and conditions of that engagement so that they are no longer comparable to the equivalent engagement in one or more of the academies in the Trust.
- To appoint a Chief Executive who will act as an ex-officio trustee who will also be the Accounting Officer of the Trust.
- To approve the writing off of irrecoverable debts in excess of £5000 and the disposal of surplus and damaged equipment.

- To approve the financial limits of delegated authority for an Academy to enter into commitments, to authorise invoices and the subsequent payment of these where they are in an Ofsted category 3 or 4.

2.2 Flying High Trust Accounting Officer

Role:

The Chief Executive has a role, under the Board's guidance, for the Trust's overall management and staffing, however, their appointment as Accounting Officer confers specific responsibilities for financial matters. The Accounting Officer is personally responsible to Parliament and to the accounting officer for the ESFA, for the resources under their control, and must be able to assure Parliament and the public of high standards of probity in the management of public funds.

Responsibilities:

- **Regularity** – dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement, the ESFA Academies Handbook and compliance with internal Trust procedures.
- **Propriety** – ensuring that all expenditures and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards, of conduct, behaviour and corporate governance.
- **Value for Money** – achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the Trust's charge, the avoidance of waste and extravagance, and prudent and economical administration not only for the Trust, but for the taxpayer in general.
- To advise the Board in writing if, at any time, any action or policy under consideration by them is incompatible with, or appears to be failing to act where required to do so, by the terms of the ESFA Academies Financial Handbook or the Funding agreement.

2.3 Director of Business and Finance

Role:

The Accounting Officer is accountable for the Trust's financial affairs, but the delivery of the detailed accounting processes are delegated to the Director of Business and Finance (Principal Finance Officer). They will work closely with the Chief Executive and Head teachers to ensure that sound systems of internal control are in place and are implemented. To ensure that the day to day financial administration of the Trust and each Academy operates in accordance with the Trust Finance Policy.

Responsibilities:

- The day-to-day management of financial issues including the establishment, maintenance and operation of a suitable accounting system for the Trusts central budgets and individual academies.

- The management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the Board.
- Preparation of budget plans in conjunction with the Chief Executive and Head teachers.
- The maintenance of effective systems of internal control.
- The preparation of monthly management accounts.
- To recommend appropriate financial limits of delegated authority for an Academy to enter into commitments, to authorise invoices and the subsequent payment of these where they are in an Ofsted category 3 or 4.
- To recommend to the Board the annual accountancy, external audit and internal arrangements across the Trust.
- To prepare the annual regularity report for the annual financial statements in the form required by the Secretary of State and take appropriate action on any comments from the external auditors on regularity.
- To ensure that the external auditors are made aware of all issues in the period under review that may affect either their statutory or regularity report.
- Working with external auditors and accountants to prepare annual accounts for authorisation including the Statutory Accounts for the Trust.
- To determine insurance arrangements across the Trust.
- Reviewing the contracts in place across the Trust to ensure value for money, making recommendations for change where appropriate.

2. ROLE OF LOCAL GOVERNING BODIES AND ACADEMIES

3.1 Local Governing Body

Role:

The Local Governing Body will maintain a local role in determining the educational and financial priorities of the Academy, ensuring that the financial resources delegated to it are used effectively and that adequate local controls are maintained over these.

Responsibilities for school financial management:

- To ensure compliance with the Trust Financial Procedures Policy.
- To undertake an annual review of the agreed roles and responsibilities by completing the School Governors' Decision Planner.

- To set up a Finance Committee to consider strategic financial issues on behalf of the Governing Body, and to review the committee's remit and membership on an annual basis.
- To adhere to the financial limits of delegated authority of the Academy to enter into commitments, to authorise invoices and the subsequent payment of these as determined by the Board of Trustees. Where a school is in an Ofsted category 3 or 4, the financial limits of authority will be subject to further review by the Trust.
- To establish a register of business interests of governors and staff in accordance with the Trust Business Interests policy and to ensure that it is open to inspection, and to oversee its maintenance through an annual review and/or update.
- To ensure that the priorities, aims and objectives are outlined in the School Improvement / Development plan and are costed and clearly linked to the annual Budget Plan.
- To agree and recommend the annual Budget Plan for the Academy for approval by the Board of Trustees and ensure that it is submitted to the Director of Business and Finance by the required deadline for submission to the ESFA.
- To report suspected financial irregularities to the Trust's Accounting Officer immediately.
- To respond promptly to any recommendations made in audit reports and monitor the progress of any remedial action identified.
- To approve the writing off of irrecoverable debts up to £5000 and the disposal of surplus and damaged equipment.

3.2 Finance Committee

Role:

In order to assist in the fulfilment of the Local Governing Body's responsibilities, the Finance committee will meet as necessary. Best practice will be to convene meetings at least once a term.

Responsibilities:

- To fulfil the statutory responsibility for the administration of financial management within the academy
- To adhere to the financial limits of delegated authority from the Trust and to enter into commitments and to authorise payments
- To oversee the preparation of the Academy's annual budget plan in accordance with the priorities within the School Improvement / Development plan (including the staff complement), for determination by the Local Governing Body and Board of Trustees.

- To monitor expenditure and income by receiving, on at least a termly basis, the Trust approved budget monitoring report from the Head teacher and/or School Business Manager comparing expenditure to the original budget set, and report back to the full Governing Body.
- To approve virements over £5,000 in accordance with the levels of delegation agreed by the Board of Trustees.
- To operate the Local Governing Body's arrangements for obtaining quotations and inviting tenders in accordance with section 5 of the Finance Policy.
- To ensure the maintenance of the inventories and security of assets and to approve in writing the method of disposal and the deletion of items from the inventory.
- To formulate and recommend to the Governing Body a charging and lettings policy.
- To formulate and recommend to the Governing Body a charging and remissions policy.
- To determine arrangements regarding petty cash.
- To determine the arrangements for the school fund accounts, for the annual audit of these and approval of the annual audit certificate.
- To determine matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the Governors' delegated responsibilities.
- To report appropriate financial information to parents in a format approved by the Governing Body.
- Consider the findings and recommendations of Internal Audit reports, and to approve and monitor an action plan to address these.

3.3 Head teacher

Role:

The day-to-day operation of the budget is delegated to the Head teacher, who will ensure that sound systems of internal control are in place and are implemented and that the financial administration of the Academy operates in accordance with the Finance Policy.

Responsibilities:

- To prepare the annual budget plan for the Academy for the Local Governing Body's approval.
- Ensure that the School Improvement / Development Plan priorities are properly costed and clearly linked to the Academy's budget plan.
- To undertake budget monitoring exercises on a monthly basis.
- To monitor the cash flow of the Academy.

- To provide reports to the Local Governing Body on a termly basis on the financial position of the school, reporting any variations in expenditure against the approved budget plan.
- To oversee the day-to-day management of the school's financial administration, ensure that sound systems of internal control exist over these and ensure that they comply with the Trust Finance Policy and the Academies Financial Handbook.
- To report any suspected irregularities, suspected bank and/or cheque fraud to the Local Governing Body and Trust.
- Provide access to accounting and other relevant records to audit (internal and external) and respond promptly to recommendations made in internal and external audit reports, advising the Local Governing Body of any remedial action to be implemented.
- To authorise orders, invoices and payments up to the limits as outlined in sections 6 and 7 of this policy.
- Organisation of personnel in respect of financial administration, also ensuring that there are satisfactory contingency arrangements, particularly in the absence of key staff.
- To submit required returns to the Trust and ESFA in line with published deadlines.
- To ensure that where budgets are delegated to a cost centre or departmental level that they operate within a similar control regime in respect of budget monitoring and reporting.
- To ensure that the Academy inventory is maintained and an independent check is made annually. To ensure all items to be written off are passed through the Local Governing Body and included in the minutes, and that correct disposal of assets is conducted.
- To ensure that prompt and adequate security marking of all items of a portable and desirable nature takes place.

3.4 School Business Manager and Finance / Administration Team

Role:

Subject to accordance with individual job descriptions, the Head teacher may delegate financial procedures to the finance and administration team, who will implement the finance policy and procedures agreed by the Trust and to process financial transactions and activities in line with these and the Academies Financial Handbook.

Responsibilities:

To undertake responsibility for the day-to-day administration of the Academy's financial administration including:

- To work with the Head teacher and the Director of Business and Finance to prepare the Academy annual budget plan for approval by the Local Governing Body.
- Ordering and receiving goods (including authorisation up to limits of delegated authority).

- Processing invoices (including authorisation up to limits of delegated authority).
- Processing cheques and / or BACS payments to suppliers (including authorisation up to limits of delegated authority).
- Submitting payroll notifications, claims and returns as appropriate.
- Staffing returns.
- Monthly reconciliation of payroll, income and expenditure and preparation of month end reports.
- Prompt and intact banking and recording of income.
- Maintenance of all Academy bank accounts including receipts and payments.
- To provide monthly budget monitoring information to the Director of Business and Finance, Head teacher and Cost Centre budget holders.
- To assist the Director of Business and Finance in the preparation of financial returns to the ESFA.
- To monitor the cash flow position of the school to ensure the academy has sufficient cash to meet its needs and report to the Director of Business and Finance and Head teacher on a monthly basis.
- To maintain the accounts in accordance with the Trust Financial Procedures Policy and ESFA Academies Financial Handbook, and to ensure that accounts are provided for audit and implementing auditor's recommendations.
- Administering the recording of income received, and payments made from the school fund. Retention of all documents such as collection records and receipts to support the transactions processed through the school fund and preparation of the year-end summary of transactions for inspection.

3.5 School Staff

Role:

All staff have a role in school financial administration and should familiarise themselves with this policy and conduct all financial transactions to the school in accordance with this policy.

Responsibilities:

- To manage any budget delegated to them by the Head teacher responsibly, and after due consultation with relevant staff.
- To actively seek 'best value' on all work, goods, materials or services procured on behalf of the school.
- To ensure that all relevant documents (receipts, delivery notes, invoices etc.) are promptly passed to the administration team for processing.

3. FINANCIAL PLANNING & BUDGET MONITORING

- 3.1 The Board of Trustees must approve a balanced budget for the Trust and its Academies for the financial year, which may draw on unspent funds. The Trust has established two financial key performance indicators (KPI) which all schools are expected to maintain. These are detailed in the table below:

Financial KPI	Limit set
Reserves (as a % of total income)	5%
Staffing (as a % of total income)	75%

- 4.2 The Trust will receive from each Academy a percentage of funds (agreed prior to conversion). The Trust will receive the Academy's General Annual Grant (GAG) funding into their central account, and after deducting the agreed percentage and monthly payroll costs, will distribute the remaining funds to the Academy on a monthly basis.
- 4.3 The Academy has both medium term educational (School Improvement / Development) and budget plans, which outline the areas of priority with regards to spending, showing how the use of resources is linked to the achievement of the school's goals.
- 4.4 The Local Governing Body has established a formal procedure for planning the School Improvement /Development plan and the budget and has set out a timetable for the process.
- 4.5 The Head teacher/Head of School, in conjunction with the Director of Business and Finance and School Business Manager will prepare estimates of expenditure and income in good time for consideration and approval by the Local Governing Body.
- 4.6 The Local Governing Body will ensure that planned expenditure does not exceed the available budget allocation during budget reviews.
- 4.7 The Head teacher will forward details of the annual budget to the Local Governing Body for timely consideration and will alert the Local Governing Body and the Director of Business and Finance of any subsequent changes to the budget. The Director of Business and Finance will in turn notify the Board of Trustees as part of the termly monitoring report.
- 4.8 The Local Governing Body should ensure that the main elements of the Academy's budget are subject to a periodic review to ensure that the school works within the principles of Best Value and that historic spending patterns are not repeated without challenge.
- 4.9 The Academy operates a system of budget profiling and cash flow forecasting to take account of likely spending patterns and the Head teacher will ensure that this is made available to the Governing Body at all planned budget review meetings.
- 4.10 The Head teacher and School Business Manager will ensure compliance with the Trust monthly financial procedures, ensuring that budget monitoring is completed on a monthly basis using the Trust approved format. This monthly review should include details on any significant variances against the approved Budget Plan, and where necessary any remedial action plans and monitor the expenditure on the initiatives set out in the School Improvement / Development plan.

- 4.11 The Head teacher is authorised by the Local Governing Body to appoint a budget manager for any department as appropriate within the school and may delegate the responsibility to spend within a department's annual budget allocation to the department's appointed budget manager.
- 4.12 The School Business Manager will provide department budget managers access to regular reports on spending and these will be reviewed with the Head teacher or School Business Manager periodically or as deemed appropriate.
- 4.13 The Head teacher is authorised to vary the annual budget approved by the Local Governing Body and the Board. This variation shall be the result of any change in the day-to-day spending plans of the school, but still be in accordance with the aims and objectives of the school, as laid down in the School Improvement Plan. This variation known as a 'virement within budget share' shall not exceed £5,000. A virement in excess of £5,000 should be recommended to the Finance Committee by the Head teacher and actioned after minuted approval by the Committee. Any virements in excess of £5,000 must be notified to the Director of Business & Finance.
- 4.14 The Head teacher and the Local Governing Body will assess the progress made against the stated objectives in the School Improvement / Development plan.
- 4.15 The Head teacher will annually consult the Local Governing Body and relevant staff to ensure that the financial and management information issued is relevant, timely, reliable and understandable.
- 4.16 The Head teacher will report any proposal for policy changes which significantly affect the expenditure or income budgets at the next Finance Committee meeting.

4. INTERNAL FINANCIAL CONTROLS

- 5.1 The Local Governing Body will ensure that there are written descriptions of all the school financial systems and procedures. These should be kept up to date and all relevant staff trained in their use.
- 5.2 The Head teacher and Director of Business and Finance will ensure that appropriate cover is available in the absence of key personnel to ensure that financial control is maintained.
- 5.3 The Head teacher will ensure that as far as possible the duties of staff relating to financial administration are distributed so that at least two people are involved. The work of one person should act as a check on the work of the other. All checks should be fully documented.
- 5.4 The Head teacher will ensure that proper accounting records are maintained and held securely.
- 5.5 An audit trail of all financial transactions will be maintained from original documentation to the accounting records, and vice versa.
- 5.6 Alterations to documents will be made clearly in permanent ink, initialled and dated. The use of correction fluids or erasure of information is not permitted.
- 5.7 Accounting records will be properly and securely maintained and access to these will only be permitted to authorised staff. The Head teacher will determine who is authorised to access the records.

- 5.8 The Head teacher will ensure that expenditure from ring-fenced sources of funding are used for their intended purposes and are identifiable within the school accounts and supporting records.
- 5.9 The Trust has appointed an independent internal auditor to carry out termly checks on the school's systems of internal control and on the adequacy of the school's arrangements for financial management and governance in accordance with the Academies Financial Handbook. The Head teacher will report the findings of the internal audit review to the Finance Committee and the Director of Business and Finance along with an action plan of how any issues identified are to be addressed.

5. PROCUREMENT OF GOODS AND SERVICES

- 6.1 The procurement of goods and services is the process potentially most open to abuse or mismanagement and it is therefore essential to have strong financial controls to safeguard the school's interests. It is essential that all of the following controls are adhered to.
- 6.2 Official orders will only be used for goods and services provided to the school. Individuals are not permitted to use official orders to obtain goods or services for their private use.
- 6.3 Orders should not be entered into verbally and official orders should be raised for all works, goods and services through the Trust accounting system (PSF) as this automatically updated the financial records and enables committed expenditure to be included in management information. Exceptions are permitted in respect of utilities, rents, rates, petty cash payments or emergency maintenance work where the cost of the work is not estimated to be more than £500. Where urgency requires a telephone order, this should be subject to the procedures outlined above and an official order raised at the earliest opportunity as confirmation to commit the expenditure, and to ensure financial commitments are recorded.
- 6.4 Before any orders are placed, the person responsible for placing the order will ensure that the school is achieving value for money. Consideration will be given to price, quality and fitness for purpose.
- 6.5 All orders must be signed by an authorised member of staff in line with their delegated authority as outlined in section 6.6. The signatory should be satisfied that the goods or services ordered are appropriate and necessary, that there is adequate budgetary provision and that quotation / tendering procedures have been followed.
- 6.6 The financial limits of delegated authority approved by the Board for entering into commitments and ordering goods and services are as detailed below:-

Post	Maximum limit (exc. VAT)
Chief Executive Officer	£24,999
Deputy CEO	£24,999
Director of Business & Finance	£24,999
Head teacher	£15,000
Deputy / Assistant Head	£10,000
School Business Manager	£5,000
Office Manager / TSA Manager	£2,000
Site Manager (Emergency Repairs)	£1,000

Departmental Budget Holder	£1,000
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- 6.7 Expenditure above the Head teacher’s delegated authority, but below £25,000 must be approved by the Finance Committee and formally recorded in the minutes of the meeting.
- 6.8 For purchases of less than £5,000, it is the responsibility of the Head teacher or School Business Manager to ensure that the staff ordering the goods and services has taken reasonable steps to achieve Best Value. This could be achieved by:
- holding a number of trade catalogues
 - bulk purchasing of common consumables
 - negotiating discounts
 - obtaining alternative quotations wherever possible
- 6.9 For purchases or contracts between £5,000 and £25,000 it is the responsibility of the Head teacher to ensure that the school has taken the same reasonable steps to ensure that Best Value has been achieved and that these steps are documented and retained for inspection. The most straightforward method of achieving proof of best value is by obtaining and documenting at least 3 alternative written offers or quotations. In circumstances where obtaining 3 quotations is impractical the reasons for not following these procedures must be reported to the Finance Committee and recorded in the minutes of the meeting. In addition, where the decision has been taken not to accept the lowest or most financially advantageous option, the reasons for such a decision should be clearly documented in the minutes of the meeting in which the decision was made.
- 6.10 All contracts, orders and purchases with an estimated value of £25,000 or more require the approval of the Board of Trustees by recommendation from the Local Governing Body and must be recorded in the minutes of the Board meeting. All intended purchases with an estimated value of £25,000 or more are also subject to the Trust tendering policy (Appendix A).
- 6.11 The Head teacher has a duty to ensure that any expenditure incurred through the school budget using public funds is appropriate and for the purposes and benefit of the pupils of the school. Inappropriate expenditure includes alcohol and gifts. Examples of such expenditure include:
- Congratulations or get well flowers
 - Christmas gifts or meals for members of staff
 - Leaving / retirement gifts or meals for members of staff
 - Any expenditure on alcohol
- 6.12 The reimbursement of expenses to staff for expenditure incurred in undertaking their duties is permitted in accordance with the FHT Expenses policy (Appendix B).

6. INVOICE PROCESSING AND PAYMENTS

- 7.1 When invoices are received it is essential to ensure that all elements of the invoice are correct before authorising payment. The checks should be carried out and evidenced by separate individuals wherever possible. An invoice certification stamp should be used to provide evidence that the required checks have been carried out.
- 7.2 Goods and services should be checked on receipt in school to ensure that the quantity and quality match the order. Any discrepancies should be noted on the goods received note (GRN), signed by the

member of staff who has checked the goods and given to finance administration team to process on PSF. The GRN should be retained and filed with the copy order and invoice.

- 7.3 Valuable items that are portable and desirable should be security marked and added to the inventory or asset register immediately.
- 7.4 The School Business Manager will ensure that payments are only made to a supplier once the goods or services have been received and checked and confirmed as being satisfactory.
- 7.5 All invoices should be given to the School Business Manager who will ensure that the following are correct through use an invoice certification stamp:
 - Goods/services received
 - Equipment entered on inventory
 - Equipment security marked
 - Invoice accuracy verified
 - Invoice authorised for payment

The authorisation of an invoice should not be performed by a person if they have also authorised the order and checked the receipt of goods or services.

- 7.6 The limits of delegated authority approved by the Board for authorising **purchase order invoices** for payment are as detailed below. Where a school is in an Ofsted Category 3 or 4, the financial limits will be subject to further review by the Board of Trustees. Where the maximum limit set is ‘unlimited’ this is because the control over the level of authorisation has already been applied in the ordering process as identified in section 6.5 to 6.7.

Where a purchase order has not been raised in advance, then the limits set for authorising invoices are those as set out in section 6.6.

Post	Maximum limit (exc. VAT)
Chief Executive	Unlimited
Deputy Chief Executive	Unlimited
Director of Business & Finance	Unlimited
Head teacher	Unlimited
Deputy / Assistant Head	£10,000
School Business Manager	£5,000
Office Manager / TSA Manager	£2,000

- 7.8 The School Business Manager / Finance Officer will generate a payment run of those invoices on the purchase ledger due for payment that will be paid either by cheque or by BACS.
- 7.9 All payments raised (cheque or BACS) require the authorisation of two authorised signatories as per the bank mandate. The following controls should be in place:
 - Individual payments in excess of £5,000 must be signed/authorised by the Head teacher
 - The Head teacher should authorise all BACS payments/sign cheques other than those payable to themselves
 - In the absence of the Head teacher, the Deputy or Assistant Head should sign authorise payments/sign cheques

- No member of staff is permitted to authorise payments/sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a business interest

7.10 Direct debit payments may be entered into for the payment of utility bills and other suppliers with whom the school has a regular contract. The setting up and payment of a direct debit should be authorised in accordance with the limits outlined in sections 6.6 and 7.6 respectively. A direct debit log/register must be maintained, which details the supplier name, details of service supplied, payment frequency and name(s) of the signatories that authorised the setting up of the direct debit instruction. The value of each direct debit should be reviewed and compared with invoices received from the supplier. The direct debit register must be reviewed regularly to ensure they continue to provide Best Value.

7. INCOME

- 8.1 The Local Governing Body will determine the charging policy for lettings and the supply of other goods and services, having regard to Trust policies. This will determine the rates of hire in place and will be reviewed on an annual basis.
- 8.2 All lettings will be authorised by the School Business Manager in accordance with the charging policy agreed by the Local Governing Body. Proper records should be kept of all lettings and the income due from these.
- 8.3 The responsibility for identifying sums due to the school should be separated from the responsibility for collecting and banking such sums. Any transfers of money between staff are recorded and signed for.
- 8.4 All sales invoices must be raised on the Trust financial system (PSF), and should be issued promptly by the School Business Manager following the delivery of the service. This period of time will not exceed 30 days. Wherever possible, income should be collected in advance of the letting or service taking place.
- 8.5 All income received must be recorded on the Academy financial system (PSF).
- 8.6 All cash and cheques will be held securely to safeguard against loss or theft. The amount of money held at any one time will not exceed the amount covered by the schools insurance policy.
- 8.7 All monies must be paid into the Academy bank account promptly and in full. Where a school closure period exceeds 24 hours, all significant income must be banked prior to this.
- 8.8 The Trust does not permit the encashment of personal cheques from income collections or the use of income collections to make payments.
- 8.9 Monthly reconciliation should take place between the income collected and the sums deposited at the bank. This reconciliation should be fully documented and available for inspection when required.
- 8.10 The Local Governing Body will be informed of all debts prior to them being written off. A record of any sums written off will be maintained.

8. BANKING ARRANGEMENTS

- 8.1 The opening of all accounts must be authorised by the Board, following recommendation by the Director of Business & Finance, who must set out the arrangements covering the operation of accounts, including any transfers between accounts and authorised signatory arrangements. The operation of all bank accounts (including the use of BACS, direct debits and debit / charge cards) must follow all the protocols as agreed in the bank mandates, and appropriate steps should be taken to reduce the risk of bank / cheque fraud occurring or minimise the potential loss if this has already occurred.
- 9.2 Arrangements must be made with the bank must include – a bank statement to be provided each month, to disallow any overdraft or loan facilities and to disallow the ability to enter into investments of a speculative nature (e.g. money markets). However, deposit accounts are allowed and automatic transfers to and from higher interest accounts upon balances reaching specified levels are permitted.
- 9.3 A list of all bank accounts held by the school and a list of authorised signatories for each of these must be maintained, and a copy of this will be provided to the Director of Business and Finance.
- 9.4 On receipt of the monthly bank statement, the School Business /Office Manager will reconcile the bank balance to the balance held on PSF and relevant accounting records. Bank reconciliations and associated reports will be signed by the person completing the reconciliation and the Head teacher as evidence of completion and accuracy.
- 9.5 Supporting vouchers will be made available to cheque signatories to safeguard against inappropriate expenditure. Only manuscript signatures are to be used (i.e. not stamps or facsimile) and cheques should not be pre-signed. Chequebooks, debit / charge cards and on-line banking cards must be held securely when not in use.
- 9.6 The School Business Manager will ensure that the school’s cash flow is regularly monitored to ensure that the account does not become overdrawn.

Debit / Charge Card Usage

- 9.7 Charge and/or debit cards must agreed by the Local Governing Body and Director of Business and Finance. The issue and control of the card(s) is managed independently by an independent Card Manager (insert name) who must not be a card holder.
- 9.8 The authorised users of the card(s) and their financial limits of delegated authority (including monthly spend restrictions) are outlined below:-

CEO	£2,000 maximum
Director of Business & Finance	£2,000 maximum
Head teacher	£2,000 maximum
Deputy Head teacher	£2,000 maximum
School Business Manager	£2,000 maximum

- 9.9 All debit / charge cards must be held securely when not in use either by the cardholder or within the school in a secure location where there is limited access.

- 9.10 Any misuse of the card(s) outside of the conditions of use will result in the immediate withdrawal of the card(s) from the cardholder(s). The Head teacher will take appropriate action.
- 9.11 The loss of any card(s) will immediately be reported to the bank, Card Manager and Director of Business & Finance.
- 9.12 If the card(s) are no longer required or the cardholder(s) leave the school they shall be returned to the Card Manager and destroyed in accordance with accepted procedures.
- 9.13 Card(s) must not be used for the withdrawal of cash through any ATM or cash back facilities.
- 9.14 School debit / charge cards must not be used for personal purchases.
- 9.15 The use of school debit / charge cards for ordering goods and services shall operate in conjunction with the principles of best value.
- 9.16 The debit / charge card(s) should not be used until confirmation has been made with the relevant budget holder that there is budget available under the budget heading to cover the cost of the proposed expenditure. Confirmation should also be sought that there are sufficient balances in the bank account prior to the use of cards.
- 9.17 A record of expenditure incurred together with supporting vouchers or receipts should be maintained by the cardholder(s), including a valid VAT receipt where relevant. These should be submitted to the School Business Manager for the purpose of checking payments made and recording the transaction on the accounting system (PSF).
- 9.18 Any charge card balances should be cleared in full either by cheque or approved direct debit by the due date. Debit card payments should be debited directly from the school bank account.

9. PERSONNEL AND PAYROLL

- 10.1 The Local Governing Body has established procedures for the administration of personnel activities, including appointments, terminations and promotions in the Trust Pay Policy.
- 10.2 The Head teacher will ensure that the duties of authorising appointments, making changes to conditions or terminating the employment of staff are separated from the duties of processing payroll notifications and claims wherever possible.
- 10.3 The Head teacher will ensure that all processes in relation to completing, checking and authorising any documents and claims related to appointments, terminations of employment and expenses are carried out by more than one person.
- 10.4 Details of staff able to authorise any documents and claims should be forwarded to the school's payroll bureau, including specimen signatures where required.
- 10.5 The Head teacher will ensure that personnel records are kept securely and only authorised personnel have access to them.

- 10.6 All payments to individuals should be made through the payroll system except where an employment self-assessment questionnaire has been completed and the Head teacher is satisfied from reading the guidance that the contract is one of self-employment.
- 10.7 The Head teacher will maintain a list of all staff employed at the school. This will be updated on a termly basis to reflect new starters and leavers.
- 10.8 The Head teacher will ensure that regular payroll checks are carried out and evidenced on payroll transactions against the schools documentation on staffing and pay to ensure they match.

10. PETTY CASH

- 11.1 A petty cash account of ~~£xxx~~ will be held. This will be held securely and only staff authorised by the Head teacher will have access to it.
- 11.2 Payments from the petty cash account will be operated on the Imprest principle, reimbursed to the predetermined limit on a monthly basis in line with the expenditure incurred during the previous month.
- 11.3 Payments from the petty cash account will be limited to minor items of expenditure. These will be supported by receipted invoices or vouchers, identifying any VAT paid, which must be separately accounted for.
- 11.4 Proper records will be kept of all reimbursements paid into and expenditure paid out of the petty cash account.
- 11.5 Personal cheques must not be cashed from the petty cash account.
- 11.6 Petty cash accounts will be reconciled to the bank account on a regular basis (not less frequently than monthly).
- 11.7 Reconciliations on the account will be subject to review by an independent person.

11. VAT PROCEDURES

- 12.1 The Trust is not currently registered for VAT. This situation is kept under regular review by monitoring the level of business income the MAT receives. The MAT will review the partial exemption calculation on an annual basis.
- 12.2 VAT is reclaimed on a monthly basis by the Director of Business & Finance. A report is run for each academy for the relevant financial period on PSF, to provide the data necessary for the completion of the VAT126 reclaim form.
- 12.3 Where invoices relate partly to business activity and non-business activity only the proportion of VAT relating to non-business activity can be reclaimed. A 1% deduction is made from all VAT claims

submitted to reflect an estimate of business use across the Trust. Journals are done on PSF to transfer the VAT not being reclaimed from the VAT control account back to the relevant expenditure nominal ledger code.

12. SECURITY OF ASSETS, STOCK AND OTHER PROPERTY

- 13.1 The Head teacher is responsible for ensuring that assets, stock, cash and other property belonging to the school is kept in safe custody.
- 13.2 The Head teacher will ensure that stock levels are maintained in such a way to ensure continuity and availability of materials; maximum efficiency of annual budgets; good condition of stock and efficient use of storage capacity. Independent physical checks should be made of significant stocks no less than annually against stock records.
- 13.3 The Head teacher will ensure that an inventory is maintained of all portable, desirable, valuable and uniquely identifiable items. This will include details of serial numbers, make and model where applicable. All such items will be security marked as being the property of the school.
- 13.4 An annual check of the inventories against items physically held will be undertaken by an independent person and documented. All discrepancies identified on this check will be investigated reported to the Local Governing Body.
- 13.5 Where school property is loaned to staff or pupils and taken off site it will be recorded in a loan of equipment register. This will include the date of the loan, return and signature of the person borrowing the equipment. Any such loans should be authorised by Head teacher or their nominated representative.
- 13.6 If stocks or equipment are surplus, obsolete, damaged, not traceable or stolen, the Local Governing Body will authorise the write-off and sale or disposal.
- 13.7 Safes and secure cupboards/cabinets will be kept locked, the keys removed and held in a secure location as determined by the Head teacher.

13. INSURANCE

- 14.1 The Director of Business and Finance, in consultation with Head teachers and School Business Managers will ensure that adequate insurance is taken out to cover risks to which the Trust and schools are exposed. An annual review of all risks will be conducted to ensure that an appropriate level of cover is maintained.
- 14.2 The Local Governing Body will review all risks not covered on an annual basis and advise the Director of Business and Finance whether additional cover should be taken out.
- 14.3 The Head teacher will ensure that the Director of Business and Finance is notified of all new risks, additions and alterations which require insurance or affect the school's existing insurance arrangements.

14.4 No indemnity will be given to any third party without the written consent of the Board of Directors.

14.5 The Head teacher will ensure that the Director of Business and Finance is immediately informed of any accident, loss or other incident that may give rise to an insurance claim.

14. SCHOOL AND OTHER PRIVATE FUNDS

15.1 The Head teacher will ensure that any voluntary funds are properly accounted for and independently audited.

TENDERING POLICY

All goods and services with a value over £25,000 must be subject to formal tendering procedures. Intended purchases or contracts for supplies and services with an estimated value above £181,302 (determined as at 1st January 2018) or more must observe European Union law and must be advertised in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook. Advice should be obtained from the Director of Business and Finance prior to any communication with suppliers when ordering goods which may potentially be over £25,000. This is to ensure that correct procedures are followed from the outset.

Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated. The guidance for circumstances in which each procedure should be used are described below.

Open Tender

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Director of Business & Finance how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering as it is most conducive to competition and the propriety of public funds.

Restricted Tender

This is where suppliers are specifically invited to tender. Restricted tenders may be appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Trust / School's requirements
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering

Negotiated Tender

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

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

Preparation for Tender

Full consideration may be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender should be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender may include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted and any reason for accepting them should be recorded.

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders, either the Business & Finance Director, Operations Manager, Business Manager or the Head teacher plus a member of the Finance & Personnel Committee.

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation of contracts over £25,000 and a report should be prepared for the Finance & Personnel Committee highlighting the relevant issues and recommending a decision for approval by the Board of Trustees

Where required by the conditions attached to a specific grant from the DFE, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the School. All parties should then be informed of the decision.

Appendix B

FHT Expenses Policy

1. Introduction

1.1 The principle of this policy is to ensure that staff and Trustees are reimbursed for all necessary expenditure reasonably incurred in the performance of their Trust duties. The basis of expense claims will be actual expenditure up to limits as specified in the policy; limits will be reviewed annually.

- 1.2 Expenses can only be claimed in accordance with this policy.
- 1.3 Original receipts must accompany all claims. Credit card slips or statements will not be accepted as evidence of business expenditure, unless prior authorisation has been given by the Chief Executive, Director of Business & Finance or Head teacher. If there is no evidence to support the expenditure incurred, then it will not be reimbursed and should not be claimed.
- 1.4 A VAT receipt must include the name and address of retailer, the retailers VAT registration number, the date of the purchase, details of what goods and/or services have been purchased and the VAT inclusive value of those goods in sterling.
- 1.5 Expense claims must be submitted by the 9th of the following month in which the expenses are incurred.
- 1.6 The Trust reserves the right to withhold payment of expenses that are not submitted within a reasonable due date. Expenses submitted more than three months after the date incurred will not be reimbursed unless specifically approved by the Chief Executive, Director of Business & Finance or Chair of Trustees.

2. Business travel

- 1.1 Claims for travel expenses should be for the standard rail fare or bus fare. First class travel is not permitted. Should a staff member or Trustee choose to travel first class they will only be reimbursed for the standard fare amount.
- 1.2 Wherever practicable video/telephone conferencing facilities should be used as an alternative to travel. The overriding consideration is planning any journey is the balance between least costs and convenience.
- 1.3 Public transport is the Trust's preferred method of transport where train or bus fare, along with any required taxi or tube fares will be significantly less than the cost incurred for mileage if travelling by car.
- 1.4 Hire cars can be used for business travel where public transport is not practical and the staff members own vehicle is in an off road state and a courtesy car is not provided by their insurance. Standard or Group C cars should be used. All car hire needs to be authorised by the Chair of Trustees. Fuel will be reimbursed as per section 3 (Mileage).

2 Mileage

- 2.1 Business mileage may be claimed where public transport is not possible or is not cost effective.
- 2.2 Business mileage will be paid in respect of any work related journeys they are required to undertake to attend a location other than their normal place of work.
- 2.3 Staff or Trustees who use their own vehicle for work should ensure they have the appropriate insurance to cover business travel. This is normally referred to as 'Business, Social and Domestic' cover by Insurance companies. It is the employee's responsibility that they are insured
- 2.4 Claims for mileage must include the date of travel, the starting point, the destination(s) plus the return point. Claims should also detail the purpose of the journey.

- 2.5 Mileage will be calculated from the staff member's base of work (as set out in their contract of employment) to the destination(s) and back to the work base. For Trustees, the normal base of work is determined as the Trust's registered office.
- 2.6 Travel from home to the normal place of work is not business travel. If an employee or Trustee travels directly from their home to a place other than the normal place of work on business, the allowance travel will be the lesser of that actually incurred and that which would be incurred if the journey had started or finished at the normal place of work.
- 2.7 Claims up to 10,000 business miles in any one year will be paid at the HMRC rate. Where mileage claims exceed 10,000 miles in any one year then the lesser HMRC rate will be applied.
- 2.8 When staff are aware that other staff members are travelling to the same destination, every reasonable attempt should be made to car share.

3 Accommodation

- 3.1 Where staff or Trustees are required to stay overnight on approved Trust business, then overnight accommodation will be provided. Approval for overnight accommodation must be sought in advance from the appropriate line manager.
- 3.2 A daily maximum limit of £90 has been set for overnight accommodation, and staff should seek to stay at accommodation where the Trust has agreed rates. If accommodation cannot be secured at this rate, then prior authorisation will be required from either the Director of Business & Finance, Chief Executive or Chair of Trustees.

4 Subsistence

- 5.1 Where a staff member or Trustee is required to work away from their normal base of work or other Trust locations (i.e. other schools or Trust offices) to perform their role, they may claim reasonable subsistence costs. For the purposes of this policy, subsistence is defined as meal costs. Other types of allowable subsistence e.g. travelling costs, parking etc are covered elsewhere in this policy.
- 5.2 A valid VAT receipt must support any claim for the reimbursement of subsistence costs to evidence that the expenditure has been incurred. In order to ensure that excessive costs are not incurred, the Trust has set maximum limits that can be claimed and these are categorised below.
- 5.3 In all cases, reimbursement will be made at the lower of actual expenditure incurred and the maximum limits set.
- 5.4 Staff or Trustees can only claim daily subsistence costs if they are required to work away from their normal work base or other locations within the Trust (i.e. other schools or Trust offices). The breakfast and late evening meal rates are intended for use in exceptional circumstances only, and are not intended for employees with regular early or late work patterns.
- 5.5 Breakfast – a maximum of £5 can be claimed. This can only be claimed if staff or Trustees are required to leave home earlier than 6am, and incur the cost of breakfast taken away from their home after qualifying journey has started. If an employee usually leaves home before 6am the breakfast rate does not apply.

5.6 Lunch – a maximum of £5 can be claimed. Claims can be made if staff or Trustees have undertaken qualifying travel for a period of at least 5 hours and have incurred the cost of a meal. A lunch rate can be also be claimed where staff have attended an all-day meeting or training event that is away from the normal place of work or other Trust locations (i.e. other schools or Trust offices) and where lunch is not provided.

5.7 Evening meal – a maximum of £10 can be claimed. Claims can only be made where staff are required to stay overnight on approved Trust business and have incurred the cost of an evening meal.

5.8 The maximum daily allowance that can be claimed is £20.

5.9 The receipt for subsistence claims cannot be for food and refreshments ordered for delivery to a staff member or Trustee's home address or purchased elsewhere and consumed at home. Reimbursement for alcohol is not permitted.

6. Parking

6.1 Parking charges incurred on approved Trust business will be reimbursed against the production of the relevant parking receipt and submission on an authorised expenses form.

6.2 No reimbursement will be made in respect of parking and similar fines.

7. Expenses incurred for business meetings

7.1 It is expected that food and refreshments for internal meetings are provided at a personal cost even where these are held at external venues.

7.2 Where it is necessary to hold an internal meeting during a normal meal time (i.e. breakfast – before 7.30am, lunchtime – between midday and 2pm, or evening – after 7.30pm) and it is not practical to expect staff to bring their own food, then appropriate food may be provided and charged to the Trust.

7.3 Wherever possible the meeting should be held on Trust premises and food provided by preferred caterers and invoiced directly to the Trust.

8. Hospitality: Entertaining business contacts

8.1 The Trust recognises that it may be necessary to provide hospitality to external business contacts. Hospitality may be provided for external parties e.g. tea, coffee, other non-alcoholic refreshments, working lunches etc. can be claimed up to the maximum value of £15.00 per day. The purchase of alcohol will not be reimbursed.

8.2 Staff receiving gifts or hospitality must ensure that this is in accordance with the Trust Gifts and Hospitality policy.

9. Method of claiming

9.1 Expenses should be claimed by completing a Trust expenses claim form, attaching the relevant VAT receipts to support all expenditure incurred or subsistence claims made. All expense claims must be signed by the member of staff or Trustee to verify the expenses being claimed are in accordance with this policy.

9.2 All claims must be authorised by an authorised officer as outlined in the Trust Financial Procedures Policy.

9.3 Claims must not be made or approved if they do not meet the conditions set out in this policy.

10. Summary of rates applicable

The maximum rates applicable from 1 April 2018 are detailed below:

Public Transport (inc. rail travel)	Standard fares
Overnight accommodation	£90 per night (+VAT)
Subsistence	Breakfast - £5 Lunch - £5 Evening meal - £10 Subject to a maximum daily value of £20 in any 24 hour period
Mileage	In accordance with HMRC rates Up to 10,000 miles – 45p per mile Over 10,000 miles – 25p per mile Motorcycles – 24p per mile Bicycles – 20p per mile
Entertaining business contacts	External contacts - £15 per day

Appendix C

GIFTS AND HOSPITALITY POLICY

Introduction

As a general guideline, business gifts and hospitality should not be accepted by any member of staff, Governor or Trustee, except as provided for below.

The intention of the Policy is to ensure that the Trust can demonstrate that no undue influence has been applied or could be said to have been applied by any supplier or anyone else dealing with the Trust. The Academy and Trust should be able to show that all decisions are reached on the basis of value for money and for no other reason.

Any breach of this Policy could lead to disciplinary action and may constitute gross misconduct.

General

Staff, Governors and Trustees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Trust by:

- maintaining an unimpeachable standard of honesty and integrity in all their business relationships
- complying with the letter and spirit of the law in contractual obligations, rejecting any business practice that might be deemed improper
- at all times in their business relationships, act to maintain the interests and good reputation of the Academy

Any employee who becomes aware of a breach of Policy must either report this immediately to his or her manager who will instigate investigations as necessary.

Any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's impartiality or conflict with the duty owed to the Academy in any matter relevant to an employee's duties (such as conflicting business interests) should be declared in writing. Any member of staff, Governor or Trustee who is aware of any business dealings conferring personal gain, or involving relatives or associates of members of staff must supply details of such transactions to the Director of Business and Finance for entry into the Register of Business Interests.

Employees are permitted to accept gifts, rewards or benefits from pupils, members of the public or organisations with which the Academy / Trust has official contacts, only where they are isolated gifts of a trivial character, or inexpensive seasonal gifts (such as chocolates, flowers, diaries or calendars). Therefore, gifts should not be accepted if they appear to be disproportionately generous or could be construed as an inducement to effect a business decision.

Where purchased items include a "free gift", such a gift should be either used for Academy business or handed to the Academy to be used at charity raffles, pupil prizes, etc.

In relation to conventional hospitality (lunches, outings, tickets for events, etc), these may be accepted provided that it is normal and reasonable in the circumstances. However, invitations for the following should not be accepted:

- where there is no reasonable business justification for doing so
- where an invitation is disproportionately generous
- where the invitation could be seen as an inducement to affect a business decision.

Any hospitality other than of a nominal value (estimate of £50.00) or facilities provided during the normal course of business, should be reported to the Director of Business and Finance for entry into the Gifts and Hospitality Register.

ANTI-FRAUD POLICY

The Trust has a duty to protect public assets; to ensure that management and other practices accord with the standards of probity expected of public sector bodies; and to ensure that the resources available to it are used only in furtherance of the Trust's objectives as an educational body. Fraud, corruption, or any other kind of financial misconduct or irregularity cannot be tolerated.

An irregularity may be defined as any breach of the standards of financial integrity required by the Trust, including a breach of the financial regulations. This includes any instance, which has been made possible due to the actions or inactions of a member of staff even if there was no gain to them.

Irregularities fall broadly within the following categories, the first three of which are criminal, as well as disciplinary, offences ('person' includes corporate bodies, including limited companies, local authorities, other employees and students):

Theft: the dishonest taking of property belonging to another with the intention of depriving that person permanently of its possession.

Fraud: the intentional distortion of financial statements or other records by persons external or internal to the Academy, to conceal the misappropriation of assets or otherwise. This includes the distortion of records to conceal losses caused accidentally or by a third party.

Bribery: the receiving of an inducement for an action which is illegal, unethical or in breach of trust.

Corruption: the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions of any person. Both parties are equally guilty of an offence.

Other irregularity: failure to observe the Trust's financial regulations, policies and procedures. This includes failure to take appropriate action after becoming aware of such failure by another person.

The aftermath of financial misconduct is costly, time-consuming, disruptive and unpleasant. The major thrust of the Trust's strategy is therefore, prevention.

1. Prevention

1.1 Risks

Examples of common types what could constitute fraud are:

- Theft of cash
- Non-receipt of income
- Substitution of personal cheques for cash
- Travelling and subsistence claims for non-existent journeys / events
- Travelling and subsistence claims inflated
- Manipulating documentation to increase salaries / wages received e.g. false overtime claims
- Payment for goods received by an individual rather than the Trust or Academy
- Failure to observe, or breaches of, regulations and /or other associated policies or regulations laid down by the Trust
- Unauthorised borrowing of equipment
- Breaches of confidentiality regarding information
- Failure to declare a direct pecuniary or otherwise conflicting interest
- Concealing a generous gift or reward
- Unfairly influencing the award of a contract
- Creation of false documents
- Deception
- Using position for personal reward

The above list is not exhaustive and fraud and corruption can take many different paths. If any doubt about whether a matter is an irregularity or not, clarification must be sought from the Director of Business and Finance.

The largest irregularities in educational establishments typically have involved regular misappropriations over a period of years. The three areas most vulnerable to fraud in schools are cash handling, cheque handling and the operation of the purchase ledger. The misuse of information technology is also a major risk and one that is potentially growing in importance with the increase in technology.

1.2 Procedures/Systems to deal with risks

Fraud can be minimised through carefully designed and consistently operated management procedures, in particular, financial policies and procedures and Financial Regulations. The Trust will therefore ensure that management procedures, as described below, are effective and that staff receive training in the operation of them.

Segregation of duties in use of financial systems is practiced, so, for example, no individual has undue management of payments, income or assets.

The institution has clear roles and responsibilities, with set levels of authority for authorising transactions

Systems will be protected with electronic access restrictions to prevent the possible misuse of information technology.

1.3 Leadership

Key determinants of the standards of behaviour in any organisation will be the standards observed by senior members of staff, and the policies and approach to their enforcement promoted from the senior staff. The Trust's Board of Trustees and Senior Managers should therefore ensure that their behaviour is always demonstrably selfless.

The Trust has clear policies on the registration and declaration of interests, accepting hospitality and gifts, and purchasing regulations (within the Finance policy) and these need to be observed, and seen to be observed.

1.4 Prosecution of offenders

The Police advise that prosecution is a particularly effective deterrent because of the risk of a custodial sentence and a criminal record. However, the threat of prosecution only deters if the threat is real. Therefore, the policy is that the Trust reserves the right to report to the Police. The Trust will undertake disciplinary action, and reserves the right to take legal action, in addition to reporting offenders to the Police.

1.5 Employee Screening

Potential new members of staff will be screened before appointment, particularly for posts with financial responsibility. For example:

- references should cover a reasonable, continuous period; and any gaps should be explained;
- an official employer's reference should be obtained;
- offers of appointment to be made subject to receipt of satisfactory references and any doubts about the contents of the reference should be resolved before confirming the appointment. If this is done by telephone, a written record of the discussion should be kept to comply with employment law
- essential qualifications and DBS checks are made

Recruitment procedures require that members of recruitment panels will declare any relationships or connections with candidates prior to their involvement with the process.

1.6 The Role of Auditors

The Board of Trustees would seek to involve internal and/or external audit to advise on building in ways of preventing or detecting fraud when new systems are being designed or existing systems are to be modified. Auditors will have regard to fraud preventative measures as part of its ongoing work.

External audit's reviews of financial checks and balances and validation testing provide further deterrence. Auditors may also wish to assess systems in place to deter corruption.

Both internal and external auditors have a full right of access at all reasonable times to all Trust property, assets, documents and financial and other records. The auditors are also entitled to seek explanations from any member of the Trust's staff.

In addition, the Trust will regard the misleading of auditors, including the withholding of relevant information, as gross misconduct in its own right.

2. Detection and Reporting of Suspected Financial Irregularity

2.1 Internal Management Systems

Efficient management systems are imperative if fraud is to be detected rapidly; the systematic review of every transaction minimises the risk of processing an irregular transaction. Detective checks and balances will be designed into all systems and applied consistently. This includes segregation of duties, reconciliation procedures, random checking of transactions, and review of management accounting information, including exception reports.

2.2 Public Interest Disclosure ('Whistleblowing') Procedure

If an individual has reason to suspect that fraud is taking place (or has taken place), they are expected to bring it to the attention of Trust authorities as described in the Trust's Whistleblowing Policy. This describes to whom an individual should report their suspicions, and the protection offered to employees raising such a suspicion.

2.3 Potentially Suspicious Behaviour

Staff members who have committed serious financial irregularities may attempt to conceal this by taking few holidays, regularly working alone late or at weekends, being resistant to delegation or resenting questions about work. If any suspicions are raised they should be discussed with the Chief Executive or the Director of Business and Finance. Any indication that a member of staff may be addicted to drugs, alcohol or gambling should also be discussed with the Chief Executive or the Director of Business and Finance. This is both for the welfare of the individual and to minimise the risks to the Trust, which might include fraud. Any action should be taken with an assessment of the scale of risk in mind.

Any suspicion will be investigated and dealt with in accordance with the procedure described in Section 3.

3. Investigation of Suspected Irregularity

Once an irregularity is suspected, reported or disclosed, whether it relates to fraud, a whistleblowing disclosure or an ethical issue, it is critical that any investigation is conducted in a professional manner, in accordance with the following procedures.

The Chief Executive or the Director of Business and Finance should be informed of a suspected irregularity without delay. At this point, the circumstances and nature of the matter raised and the remedies being sought will be taken into account in determining the course of action to be taken which is likely to be one or more of the following:

- The Chief Executive can immediately refer the matter to another appropriate external authority such as the Police or a professional body.
- The matter can be referred to an individual, an Investigating Officer, appointed by the Chief Executive, who has the appropriate expertise and seniority to decide whether there is a prima facie

case to answer. In cases of fraud, this will normally be the Director of Business and Finance. The Director of Business and Finance, with the Chief Executive, will decide whether an investigation should be conducted and if so, the remit of the investigation, who should undertake the investigation, what form it should take and the scope of the concluding report. Internal investigations will be conducted in a manner which ensures that those involved in the investigation will be different from those who may be required subsequently to conduct any disciplinary proceedings.

- Some special investigations may require the use of technical or specialist expertise in which case an external specialist (such as the Responsible Officer or external auditor) may be employed as the Investigating Officer or to contribute to the investigation.
- The report of the investigation may conclude that there is no case to answer or that disciplinary procedures should be applied or that there should be some other special investigation, either internal or external. If it is decided that more than one of these means is appropriate, the Director of Business and Finance, with the Chief Executive should satisfy themselves that such a course of action is warranted.
- In some circumstances, it may be appropriate for the Chief Executive to liaise directly or indirectly with the parties involved to seek a resolution. Should a satisfactory resolution not be attainable through these means, one of the alternative courses of action set out above may then be followed.

The Chief Executive will normally inform the Chair of the Board of Trustees and the Chair of the Audit Committee that an investigation is taking place.

At an appropriate point in time, the Chief Executive will (subject to the potential materiality of the irregularity with respect to damage to the reputation of the institution and/or financial loss) consider informing:

- The Trust's Insurers
- The Chair of the Board of Trustees
- The Trust's External Auditors

In the event that it is not appropriate to disclose information to the Chief Executive, concerns will be raised directly with the Chair of the Audit Committee, if the issue falls within the purview of that Committee, or the Chair of the Board of Trustees.

Should any officer responsible for this procedure be implicated in any way or have or be perceived to have any potential conflict of interest in an allegation of fraud, he or she will not take part in the procedure, the role being taken by an appropriate alternate.

Any investigation will be carried out in accordance with the principles of natural justice, and with due regard to the statutory rights of all individuals involved in the case. The Trust will take all reasonable measures to ensure that an investigation is concluded as quickly as possible. If information was disclosed or reported by an individual(s) initially they will be kept informed of what action, if any, is to be taken. If no action is to be taken the individual concerned will be informed of the reason for this.

If the decision is reached that there is a prima facie case to answer, the person or persons implicated will be informed of this, shown the supporting evidence and be offered an opportunity to respond as part of the investigation.

If the person reporting the irregularity or making the disclosure is dissatisfied with the procedures followed or the outcome of this process, they may take out a plea of grievance.

4. Prevention of Further Loss

Where the case is sufficiently serious, an individual who is accused of fraud may be suspended, with or without pay, while an investigation is under way, in accordance with the Trust's disciplinary procedures. The Chief Executive will be consulted before any such action is taken. It should be noted that suspension is a neutral act intended to facilitate enquiries, and does not imply any presumption of guilt.

If the individual under suspicion is to be suspended it may be necessary to plan the timing of suspension to prevent the suspect from destroying or removing evidence that may be needed to support disciplinary or criminal action. The suspect should be approached unannounced. They should be supervised at all times before leaving the Trust's premises. They should be required to reveal relevant computer passwords, and not remove, either on disk or electronically, data from the premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the Trust. Any security passes and keys to premises, offices and furniture should be returned.

The terms of suspension should also bar staff from contacting colleagues about any work related matter without the written consent of the Chief Executive. Should suspended staff breach the terms of suspension, this should be grounds for disciplinary action in its own right.

The ICT Manager should be instructed to immediately withdraw access permissions to the Trust's computer systems.

The Investigating Officer shall consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the Trust's assets.

5. Establishing and securing evidence

The internal auditors and/or management will:

- maintain familiarity with the Trust's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation
- establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act (1984)
- ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.
- Management will establish and maintain contact with the police, where appropriate. The decision will be reported to the Chair of Audit Committee.

6. Notifying the ESFA

The Academies Financial Handbook includes a requirement that:

"All instances of fraud or theft committed against the Trust, whether by employees or governors or third parties, above £5,000 must be reported by the Trust to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported."

The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity.

7. Recovery of losses

The Investigating Officer shall where possible quantify the amount of any loss. The Director of Business and Finance, with the Chief Executive, shall consider whether to, and how to go about, seeking repayment of losses.

Where the loss is substantial, legal advice will be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice will also be obtained about prospects for recovering losses through the civil court, or deducting losses from any salary payments outstanding, where the perpetrator refuses repayment. The Trust would normally expect to recover costs in addition to losses.

8. Monitoring and Review

The Audit Committee has the responsibility for implementing, monitoring and reviewing this policy. The Director of Business and Finance will make an annual report to the Audit Committee providing a summary of all issues raised and any subsequent actions taken. Any issues, which arise, which do not fall within the remit of the Audit Committee or are relevant to other areas of the Trust, will be brought to the attention of the relevant committees and /or individuals.