



Financial Procedures Policy

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Statement of intent

It is important for The Samara Trust (the Trust) to demonstrate that we use public money appropriately. To ensure that the financial standing of the **Trust** cannot be brought into disrepute, this policy will be implemented by all academies within the **Trust**, guaranteeing consistency in financial procedures across the academies.

This policy applies to all employees in the **Trust**, Trustees and Members, as well as services and goods sourced from external agencies, such as contractors and caterers.

The **Trust** takes its responsibility for handling public funds with the utmost importance and strives to continuously provide a high-quality education and safe learning environment, whilst having a strong financial standing.

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1. Legal framework

This policy has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:

- Employment Relations Act 1999
- Companies Act 2006
- Equality Act 2010
- The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)
- ESFA (2021) 'Academy trust handbook 2021'
- ESFA (2019) 'Declare or seek approval for related party transactions: summary guidance'
- Data Protection Act 2018
- UK General Data Protection Regulation (UK GDPR)

This policy operates in conjunction with the following school policies:

- Financial Scheme of Delegation
- Pay Policy
- Charging and Remissions Policy
- Tendering and Procurement Policy
- Gifts, Hospitality and Anti-bribery Policy
- Data Protection Policy
- Anti-fraud and Corruption Policy
- Whistleblowing Policy
- Staff Expenses Policy
- Articles of Association

2. Role and responsibilities

Responsibilities for different groups and individuals within the **Trust** are set out in full throughout this policy. This section highlights key responsibilities.

The Members are responsible for:

- Appointing, by special resolution, new Members or removing existing Members other than, where there is one, the foundation/sponsor body and any Members it has appointed.
- Appointing Trustees in line with the **Trust's** Articles of Association.
- Where necessary, by special resolution, issuing direction to the Trustees to take a specific action.
- Appointing the **Trust's** auditors and receiving (but not signing) the **Trust's** audited annual accounts.
- Conducting the business of the **Trust** in accordance with company and charity law and adhering to the **Trust's** funding agreement with the Secretary of State.

Members will not be employees of the **Trust** or occupy staff establishment roles on an unpaid voluntary basis.

The **Trust** will ensure that Members are not currently subject to a section 128 direction and will not appoint anyone as a member if they are currently subject to a section 128 direction.

The Board of Trustees is responsible for:

- Applying the highest standards of conduct and governance and taking full ownership of their duties.
- Ensuring the Board meets at least three times a year, and conducts business only when quorate.
- Approving a written scheme of delegation of financial powers.
- Managing conflicts of interests and related party transactions.
- Approving a balanced budget for the financial year and minuting the approval.
- Ensuring decisions about executive pay follow a robust evidence-based process reflecting the individual's role and responsibilities, and that the approach to pay is transparent, proportionate and justifiable.
- Appointing an audit and risk committee to advise on the adequacy of the **Trust's** controls and risks.
- Submitting audited accounts to the ESFA by 31 December.
- Ensuring an appropriate, reasonable and timely response is given to findings by auditors.

As of 1 March 2022, any newly appointed senior executive leader can only be a Trustee if the Members decide to appoint them as such, the senior executive leader agrees, and the Articles of Association permit it.

The Board of Trustees will appoint a senior executive leader who may be appointed as a trustee – this will be the chief executive or equivalent. The Board will also appoint a named individual as the **Trust's** accounting officer – this will be the senior executive leader. The roles of senior executive leader and accounting officer will not rotate.

When the senior executive leader is planning to leave the **Trust**, the Board of Trustees will approach the **Trust's** Regional Schools Commissioner (RSC) in advance to discuss the **Trust's** structure and options, including plans for recruitment.

The accounting officer is responsible for:

- The **Trust's** financial affairs.
- Sharing the ESFA's '[Dear Accounting Officer](#)' letter with the Members, Trustees, the CFO and other relevant stakeholders, arranging for it to be discussed by the Board of Trustees and taking action, where appropriate, to strengthen the **Trust's** financial systems and controls.
- Achieving value for money and the best possible educational outcomes through the economic, efficient and effective use of resources.
- Ensuring regularity when dealing with items of income and expenditure in accordance with legislation, the terms of the **Trust's** funding agreement and the 'Academy trust handbook' (ATH), and with the **Trust's** internal procedures.
- Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour and corporate governance.

- Completing and signing a statement of regularity, propriety and compliance each year and submitting this to the ESFA with the audited accounts.
- Keeping full and accurate financial records.
- The management of opportunities and risks.
- Assuring the Board of Trustees that the **Trust** is compliant with the ATH and the funding agreement.
- Informing the Board of Trustees, in writing, of any action or policy under consideration that is incompatible with the terms of the Articles of Association, funding agreement or the ATH.
- Informing the ESFA, in writing, where they have advised the Board of Trustees that they are in breach of the Articles of Association, funding agreement or ATH but the Board has continued with their actions.

The CFO is responsible for:

- Acting as the principal finance officer for the **Trust**.
- Ensuring that the **Trust's** financial position is managed at a strategic level within the framework for financial control determined by the Board of Trustees.
- Ensuring that all financial matters focus on the wider needs of the **Trust**, rather than on any individual academy.
- Working with internal auditors to provide assurance to the audit and risk committee and Board of Trustees.
- Ensuring the annual accounts are properly presented and adequately supported by the underlying books and records of the **Trust**.
- Challenging finance staff to ensure that value for money is routinely obtained.
- Ensuring effective financial policies are in place across the **Trust**.
- Liaising with the Principal from each academy regarding financial matters.
- Maintaining CPD and undertaking relevant ongoing training.

The **Trust's** audit and risk committee is responsible for:

- Directing the **Trust's** programme of internal scrutiny and reporting to the Board on the adequacy of the **Trust's** financial and other controls and management of risks.
- Ensuring that risks are being addressed appropriately through internal scrutiny.
- Reviewing the external auditor's plan each year.
- Reviewing the annual report and accounts.
- Reviewing the external auditor's findings and actions taken by the **Trust's** managers in response to those findings.
- Assessing the effectiveness and resources of the external auditor to provide a basis for decisions by the **Trust's** Members about the auditor's reappointment or dismissal or retendering.
- Producing an annual report of the committee's conclusions to advise the Board of Trustees and Members, including recommendations on the reappointment, dismissal or retendering of the external auditor, and their remuneration.

The Board of Trustees will appoint a governance professional to support the Board of Trustees who is someone other than a trustee, principal or chief executive. The governance professional is responsible for:

- Ensuring the efficient functioning of the Board of Trustees by providing:
 - Administrative and organisational support.
 - Guidance to ensure the Board works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences of non-compliance.
 - Independent advice on procedural matters relating to the operation of the Board.
 - Administrative and organisational support.

The ESFA will be informed within 14 calendar days if the **Trust** appoints or terminates the contract of:

- An accounting officer or CFO, including their contact information.
- A Chair of Trustees, including their contact information.
- A Member, Trustee or Governor, including their contact information.
- A Principal, including their contact information.
- A Chair of a Local Governing Committee, including their contact information.
- A local governor.

3. Financial oversight

The **Trust** takes full responsibility for its financial affairs, stewardship of assets and use of resources to maximise pupils' outcomes.

The Board of Trustees meets at least three times a year. The audit and risk committee meets at least three times a year. Where the Board of Trustees meets less than six times a year, it will explain in its governance statement how effective oversight of funds was maintained with fewer meetings.

The Board of Trustees does not delegate overall responsibility for the **Trust's** funds. The Board of Trustees approves a written scheme of delegation of financial powers that maintains robust internal controls. This scheme of delegation is reviewed **annually**, and immediately when there has been a change in the **Trust's** management or organisational structure.

The Board of Trustees delegates financial scrutiny and oversight to the Finance and General Purposes Committee, which can support the Board in maintaining the **Trust** as a going concern.

Constituent academies joining the **Trust** will be asked to complete a financial management and governance self-assessment.

4. Budget setting

The budget is a working document which may need revising throughout the year as circumstances change. Any significant revisions will be reported to the Finance and General Purposes Committee, as well as the Board of Trustees.

The budget planning process follows an annual planning cycle and consists of the following four phases:

- Planning
- Budget setting
- Monitoring
- Review

The budget process takes the following elements into account:

- Forecasts of likely pupil numbers to estimate the amount of DfE grant available
- Review of other income sources
- Review of past performance against budgets
- Identification of potential efficiency and budget containment actions
- An annual review of expenditure headings to reflect known changes and expected variations in costs, such as pay increases, inflation or other anticipated changes

When reviewing and approving budgets for the **Trust**, the Board of Trustees ensures the following:

- That budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions and are reflective of lessons learned from previous years.
- That pupil number estimates are challenged and that these underpin revenue projections, and review these on a termly basis.
- An integrated approach to curriculum and financial planning is taken.

A balanced budget for the forthcoming financial year will be approved by the Board of Trustees, and this approval will be minuted. The annual budget will reflect the best estimate of the resources available to the **Trust** for the forthcoming year and will detail how those resources will be utilised, establishing clear links to support the objectives identified in school development plans.

Both medium-term and short-term financial plans are prepared for the **Trust** and each of the academies in the **Trust**. The medium-term plan indicates how the educational aims and other objectives of the **Trust** and each academy are going to be achieved within the expected level of resources over the next three years.

The development plan provides the framework for the annual budget.

Once budgets are agreed, this will be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

The Board of Trustees will notify the ESFA within 14 calendar days of proposing to set a deficit revenue budget.

5. Budget management and monitoring

To implement a smooth-running planning process, the CFO will create a budget timetable which outlines important dates, such as when information will be collected, including salary information and estimated budget allocation.

A continuous review of the aims and priorities of the strategy will be undertaken based on the monitoring and analysis of performance.

The Principal is responsible for monitoring income and expenditure in their academy throughout the year.

A three-year budget forecast will be prepared when the budget for the current financial year is being set.

The CFO will prepare monthly management accounts, setting out the **Trust's** financial performance and position and including an income and expenditure account, variation to budget report, cash flow information and balance sheet. The accounts will be shared with the Chair of Trustees every month and with other Trustees six times a year, even if they do not meet in each of those months.

The Finance and General Purposes Committee will consider the management accounts when it meets and will ensure appropriate action is being taken to maintain financial viability. The Finance and General Purposes will select key financial performance indicators and measure its budgetary performance against these regularly.

Any potential overspend against the budget will be discussed with the CFO before receiving approval.

The monitoring process will be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. The Finance and General Purposes Committee will continually monitor the quality of the financial information presented to them to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

The **Trust** will submit the following returns to the ESFA:

- A budget forecast return outturn (BFRO) each May
- A three-year budget forecast return (BFR3Y) each July

The returns will be approved by the Board of Trustees before submission to the ESFA.

Where the Board of Trustees has concerns about the **Trust's** financial performance, it will act quickly to ensure the **Trust** has adequate financial skills in place and consider whether additional financial reporting is required.

6. Cash management

The **Trust** has robust procedures in place to manage its cash position and will avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.

The CFO will prepare cash flow forecasts to ensure that the **Trust** has sufficient funds available to cover day-to-day operations. When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds.

All cheques and other instruments authorising withdrawal from any of the **Trust's** bank accounts will bear authorising signatures or electronic signatures in line with the scheme of delegation. The Principal is the authorising signatory in an academy, unless otherwise delegated.

Credit cards linked to a **Trust** bank account are issued to personnel under the scheme of delegation to pay for goods and services when the normal ordering processes are not possible. The procurement of goods and services using credit cards will be kept to a minimum and monitored by the **Trust's** CFO. Payment via credit card requires the same authorisation as that of cheques.

7. Purchasing, procurement and returns

The **Trust** will ensure:

- Spending has been for the purpose intended and there is probity in the use of public funds.
- Spending decisions represent value for money.
- Internal delegation levels exist and are applied.
- Professional advice is obtained where appropriate.

All academies within the **Trust** will act in accordance with the **Trust's** Tendering and Procurement Policy, and comply with the procurement rules and thresholds in The Public Contracts Regulations 2015 and [Find a Tender](#) service.

The **Trust** uses the DfE's deals for schools' service where possible.

Full details of the **Trust's** procurement processes are outlined in the Tendering and Procurement Policy.

8. Income and expenditure

The main source of income for the **Trust** and its academies is through the grants received from the ESFA.

When allocating funding, the Board of Trustees will consider the funding needs and allocations of each academy within the **Trust**. Principals of constituent academies can appeal any funding allocation decisions to the Board of Trustees. If, after this appeal, the situation is not resolved, the Principal can make an appeal to the ESFA.

The CFO monitors the receipt of grants, ensuring that all grants due to the academies within the **Trust** are appropriately collected.

The **Trust** collects income from parents via a number of methods including, but not limited to, the following:

- School meals

- Trips and residential visits
- Book bags and uniform
- Breakfast and after school club lettings
- Reimbursements from various parties and activities

There are two main areas of expenditure:

- **Salaries** – this forms the largest element of expenditure. Salaries of all staff Members will be reviewed on an annual basis by the Principal, with effect from 1 September and no later than 31 October. Pay review recommendations are then given to the pay committee for discussion and authorisation. The Finance and General Purposes committee confirms pay awards, incremental progression and performance-led pay increases, all of which the CFO will cost, using known figures and estimates, when preparing the draft budget.
- **Premises maintenance** – a combination of maintenance surveys and historical costs will form the basis for planned maintenance. The CFO will incorporate an allowance for unexpected contingencies, as well as for any small new works which may be proposed in-year.

The Finance Manager will keep an up-to-date record of the income and expenditure for each academy.

The Administration Assistants will bank the entirety of any money collected in return for goods or services, such as a school trip, in the **Trust** Bank account & inform the CFO of the details.

The CFO is responsible for preparing reconciliations the sums deposited at the bank and the sums posted to the accounting system

The **Trust's** funds will not be used to purchase alcohol for consumption, except where it is to be used in religious services.

9. Investments

Where the Board of Trustees wishes to make investments to further the **Trust's** charitable aims, it will ensure that investment risks are properly managed. When considering an investment, the Board will:

- Act within its powers to invest as set out in the Articles of Association
- Act in line with the **Trust's** Reserves and Investment Policy and review this policy on a regular basis.
- Ensure value for money.
- Take advice from professional advisers where appropriate.
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation.
- Ensure investment decisions are in the best interests of the **Trust**.

Prior approval will be sought from the ESFA before all investment transactions that are novel, contentious and/or repercussive, regardless of value.

10. Borrowing and debt

Prior approval will be obtained from the ESFA before borrowing from any source, where such borrowing will be repaid from grant monies or secured on assets funded by grant monies.

Credit cards will only be used for business expenditure. Payment via credit card requires the same authorisation as that of cheques. Credit card balances will be cleared before any interest accrues.

The **Trust** will prepare and monitor financial plans to ensure ongoing financial health.

The **Trust** will disclose aggregate figures for transactions of any amount and separate disclosure for individual transactions above £1,000 in its audited accounts for writing off debts and losses, as well as guarantees, letters of comfort and indemnities.

The Finance Manager will contact individuals of any outstanding debts owed after 30 days of the notification of payment, e.g. an invoice being sent. The Finance Manager will issue payment reminders to any non-payments at the following intervals:

- 4 weeks from the invoice being sent – first reminder
- 6 weeks from the invoice being sent – second reminder
- 10 weeks from the invoice being sent – final reminder

If, after the final reminder is sent, payment is not received in full, the CFO will send a letter informing the individuals that if the **Trust** does not receive payment within 14 days, they will refer the matter to a small claims court.

Debts will not be written off without the express approval from the CEO and Finance and General Purposes Committee as per Financial Scheme of Delegation. The **Trust** will also obtain prior approval from the ESFA where it wishes to write off debts and losses and/or enter into guarantees, letters of comfort or indemnities, where the following delegated limits apply:

- 1 percent of total annual income or £45,000 (whichever is smaller) per single transaction

The CFO will keep accurate records of the debt process, including:

- Logging invoices and receipts on the **Trust's** accounting system.
- Keeping any emails pertaining to debt collection for three months after the payment has been made.
- Keeping emails of payment notifications, ensuring each email clearly states the number of the reminder and the date it was sent.
- In relation to debt recovery for outstanding amounts owed by parents, the administration assistants will follow the debt recovery policy.

11. Asset Register and Fixed assets

Academies are responsible for maintaining an asset register for all equipment at their location. All items (or specific groups of items purchased within the accounting period)

with a value over £1,000 that are considered to have a life longer than the financial year they were purchased in, must be entered in the **Trust's** asset register.

The Asset Register helps:

- Ensure that staff take responsibility for the safe custody of assets;
- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- To manage the effective utilisation of assets & to plan for their replacement;
- Help the external auditors to draw conclusions on the annual accounts & the academy's financial system;
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

All IT equipment must be recorded on the register. Details recorded should include the date purchased (where possible) & the serial number (if one is available) & cost.

Disposal of assets at net book value – refer to the Financial Scheme of Delegation.

Any disposal will maintain the principles of value for money, regularity & propriety.

The Board of Trustees will refer to the DfE's [Good estate management for schools](#) to help them to manage capital assets & budgets.

Loan of assets – Items of the **Trust** should not be removed from premises without the authority of the Principal. A record of the loan must be recorded in a loan register & booked back in when it is returned.

Accounting for fixed assets as follows:

- Assets or group of assets (purchased within the accounting period), costing £1,000 or more will be capitalised as tangible fixed assets & will be carried at cost, net of depreciation & any provision for impairment.
- Where tangible fixed assets are acquired with the aid of specific grants, either from the government or from the private sector, they will be included in the balance sheet at cost & depreciated over their expected useful economic life.
- The related grants will be credited to a restricted fixed asset fund in the SOFA & carried forward in the balance sheet.

Depreciation will be provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a reducing balance basis over its expected useful lives.

The depreciation will be calculated by the appointed auditors on an annual basis for preparation of the year-end accounts.

Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below & the Finance and General Purposes committee will discuss these items on an individual basis.

The expected useful life of all assets will be assessed prior to depreciation calculations & recorded in the Fixed Asset Register. Reducing balance is the method of depreciation.

ASSET GROUP	DEPRECIATION
Land	No depreciation
Buildings & Building modifications	0.8%
Plant & Machinery	Machinery 20%
Furniture & Equipment	15%
Computer Equipment (inc. laptops, projectors, whiteboards, PCs & server)	33%
Motor Vehicles/Minibuses	25%
Assets Under Construction	These are not depreciated until the asset is brought into use.

12. Leasing

For the purpose of this policy, there are two types of lease:

- Finance lease – a form of borrowing
- Operating leases – not a form of borrowing

The **Trust** will obtain prior approval from the ESFA for the following lease transactions:

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

Any lease will maintain the principles of value for money, regularity and propriety.

13. Gifts

The value of any gifts will be reasonable and within the limits set out in the Gifts, Hospitality and Anti-bribery Policy.

The decision to make gifts will be documented and have regard to propriety and regularity.

The Gifts, Hospitality and Anti-bribery Policy sets out the **Trust's** procedures relating to the acceptance of gifts, hospitality, awards, prizes and any other benefit that might be seen to compromise the judgement or integrity of the **Trust**.

14. Related party transactions

The **Trust** will be even-handed in their relationships with related parties by ensuring:

- Compliance with their statutory duties to avoid conflicts of interest, benefits are not accepted from third parties, and interests in proposed transactions or arrangements are declared.
- A Declared Conflicts of Interest Register has been completed.
- No member of the **Trust** uses their connection to the **Trust** for personal gain.
- All payments are permitted by the Articles of Association or by authority from the Charity Commission.
- The Charity Commission approves payments to a trustee where there is a significant advantage to the academy.
- Any payment provided to the persons referred to in the '[At-cost requirements](#)' section of this policy satisfies the 'at cost' requirements.

The Board of Trustees will ensure procedures pertaining to related party transactions are applied across the **Trust**. The Board of Trustees and accounting officer will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with '[The Seven Principles of Public Life](#)'.

The Chair of Trustees and the accounting officer will ensure their capacity to control and influence does not conflict with requirements.

The **Trust** recognises that some relationships with related parties may attract greater public scrutiny, such as the following:

- Transactions with individuals in a position of control and influence, including the Chair of Trustees and the accounting officer
- Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
- Relationships with external auditors beyond their duty to deliver a statutory audit

The **Trust** will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.

The **Trust** will report all related party transactions to the ESFA in advance of the transaction taking place. The **Trust** will obtain prior approval from the ESFA for related party transactions that are novel, contentious and/or repercussive, regardless of value, using the ESFA's [enquiry form](#).

For the purpose of reporting to, and approval by, the ESFA, related party transactions do not include salaries and other payments made by the **Trust** to a person under a contract of employment through the **Trust's** payroll.

The **Trust** will declare, but not seek approval for, eligible transactions to the ESFA where they are for services that can only be delivered by the diocese. A single upload of evidence relating to the payment or levy for these services will be completed.

The **Trust** will obtain approval from the ESFA using the [online form](#) for contracts and other agreements for the supply of goods or services to the **Trust** by a related party agreed on or after 1 April 2019, where any of the following limits apply:

- The contract or other agreement exceeds £20,000
- The contract or other agreement, regardless of the value, would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £20,000 in the same financial year ending 31 August

Before completing the ESFA's online form, all the information outlined below will be collected, as it is not possible to partially complete the form and return to it later.

To create a record for the supplier, the following information is required:

- The name of the supplier
- The supplier's address
- The supplier's company number which can be found using the [Companies House](#) website (for limited companies)
- The statement which best describes the relationship between the supplier and the **Trust**
- Confirmation that the supplier is listed in the **Trust's** Declared Conflicts of Interest Register
- Confirmation that the **Trust** has a statement of assurance from the supplier
- Confirmation that the **Trust** has an open-book agreement with the supplier

The following information will be provided about the related party transaction:

- A short description of the goods or service
- Details of the proposed cost
- The start and end date of any contract or agreement

When seeking approval for a related party transaction, the following evidence will be provided:

- How the **Trust** agreed to the related party transaction
- That the **Trust** followed its Tendering and Procurement Policy
- That the **Trust** tested the market before making a decision
- How the **Trust** has managed any conflicts of interest

Declared Conflicts of Interest Register

All business and pecuniary interests will be recorded on the Declared Conflicts of Interest Register, including:

- Directorships, partnerships and employments with businesses.
- Trusteeships and governorships at other educational institutions and charities.
- For each interest: the name of the business, the nature of the business, the nature of the interest and the date the interest began.

The Declared Conflicts of Interest Register will identify any relevant material interests from close family relationships between the **Trust's** Members, Trustees or local governors. Relevant material interests arising from close family relationships between these individuals and employees will also be identified.

The Declared Conflicts of Interest Register will be kept up-to-date at all times and amended when any new interests are declared.

The relevant business and pecuniary interests of Members, Trustees, local governors and the accounting officer will be published on the **Trust's** website.

'At cost' requirements

The **Trust** will not pay more than 'cost' for goods or services provided by the following:

- Any member or trustee of the **Trust**
- Any individual or organisation related to a member or trustee of the **Trust**, namely:
 - A relative of a member or trustee: defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner.
 - An individual or organisation conducting business in partnership with the member, trustee or a relative of the member or trustee.
 - A company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20 percent of the share capital or is entitled to exercise more than 20 percent of the voting power at any general meeting of that company.
 - An organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together) – an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes.
- Any individual or organisation given the right under the **Trust's** Articles of Association to appoint a member or trustee of the **Trust**, or any body connected to the individual or organisation.
- Any individual or organisation recognised by the Secretary of State as a sponsor of the **Trust**, or any body connected to the individual or organisation.

A body is connected to an individual or organisation if it is controlled by the individual or organisation, controls the organisation, or is under common control with the individual or organisation, namely any of the following:

- Holding a greater than 20 percent capital share or equivalent interest
- Having the equivalent right to control management decisions of the body
- Having the right to appoint or remove a majority of the Board or governing body

'At cost' requirements do not apply to the **Trust's** employees unless they are employed by one of the parties outlined in this section. 'At cost' requirements apply to contracts for goods and services from a related party agreed on or after 7 November 2013. 'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the **Trust's**

cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

If any of the parties outlined in this section are based in, or work from, the **Trust's** premises, the **Trust** will agree an appropriate sum to be paid to the **Trust** for use of the premises, unless the party is conducting work on behalf of the **Trust**.

'At cost' requirements apply to legal advice or audit services when the organisation's partner directly managing the service is a member or trustee of the **Trust**, but not in other cases.

Contributions made by the **Trust** to the diocese for services received associated with securing the **Trust's** religious character and ethos, which only the diocese can provide, are regarded as meeting the 'at cost' requirement.

The **Trust** will ensure that any agreement with an individual or organisation referred to in this section is procured through an open and fair process and is:

- Supported by a statement of assurance from the individual or organisation to the **Trust** confirming their charges do not exceed the cost of the goods or services.
- On the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

The cost will be the full cost of all the resources used in supplying the goods or services and will not include any profit. Full cost includes:

- All direct costs – the costs of any materials and labour used directly in producing the goods or services
- Indirect costs – a proportionate and reasonable share of fixed and variable overheads

15. Payroll

All payroll transactions relating to **Trust** staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made through any other mechanism.

Each academy within the **Trust** will act in accordance with the Pay Policy.

The main elements of the payroll system include staff appointments, payroll administration and payments.

The Principals, through their administrative teams, will notify payroll of any staff absence using the absence recording system.

The Principals, are responsible for ensuring that:

- Payments are made only to bona fide employees.
- Payments are in accordance with individuals' conditions of employment.
- Deductions, including income tax, national insurance and pensions, are properly administered.
- Payments are made only in respect of services provided to the academy.

- Amendments to the payroll are properly processed.

The Principals are responsible for keeping the staff personnel database up-to-date via the designated recording system. This will include the following information about staff Members:

- Salary
- Bank account details
- Taxation status
- Personal details
- Any deductions or allowances payable

During the Spring term each year, the Principals will review staffing requirements for the following academic year and propose any changes. These proposals will be reviewed by the CEO and approved by the Finance and General Purposes Committee.

The Finance and General Purposes is responsible for authorising the following salary changes:

- Pay awards for support staff
- Staffing structure changes
- Performance-related pay progression

The CFO will randomly select one employee and check the calculation of gross to net pay, to ensure that the payroll system is operating correctly.

Payroll is continuously monitored and reviewed by the CFO to ensure any changes have been implemented correctly and the information is up-to-date.

Payslips will be produced on a monthly basis and administered to employees via secure portal on the 15th of each month.

Executive pay

The Board of Trustees will ensure that executive pay (including salary and any other benefits), follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual will be involved in deciding their salary.

The Board of Trustees will discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:

- **Process** – that the procedure for determining executive pay and benefits is agreed by the Board in advance and documented. The Board ensures that both pay and benefits are kept proportionate.
- **Independence** – decisions about executive pay and benefits reflect independent and objective scrutiny by the Board and conflicts of interest are avoided.
- **Robust decision-making** – factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been considered.

- **Proportionality** – pay and benefits represent good value for money and are defensible relative to the public-sector market.
- **Commercial interests** – the Board is sighted on broader business interests held by senior executives, and is satisfied that any payments made by the **Trust** to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction.
- **Documentation** – the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained.
- A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term.
- Understanding that inappropriate pay and benefits can be challenged by the ESFA, particularly in any instance of poor financial management of the **Trust**.

The **Trust** publishes on its website, in a separately readily accessible form, the number of employees whose benefits exceeded £100,000, in £10,000 bandings for the previous year ended 31 August. Benefits for this purpose include salary, the **Trust's** pension contributions, other taxable benefits and termination payments., but not the **Trust's** own pension costs. For employees who are Trustees, their salary and other benefits will also be disclosed in £5,000 banding in the **Trust's** financial statements.

Where the **Trust** has entered into an off-payroll arrangements with someone who is not an employee, the amount paid by the **Trust** for that person's work will also be included in the website disclosure where payment exceeds £100,000, as if they were an employee.

Trusts with 250 or more employees Information about the gender pay gap in the MAT is published on the **Trust's** website and on the government's reporting [website](#).

16. Charging and remissions

The central team is responsible for creating a Charging and Remissions Policy. Each academy will act in accordance with the **Trust's** Charging and Remissions Policy at all times.

The Finance and General Purposes Committee will review the Charging and Remissions Policy annually, seeking advice from the CFO where necessary.

17. VAT procedures

The **Trust**, and the academies within it, are entitled to reclaim VAT on qualifying purposes through a monthly VAT return (Form 126).

Under legislation, VAT claims can be made on expenditure which supports the **Trust's** core business purposes.

A report is run by the CFO, to provide the data necessary for the completion of the VAT reclaim form.

The **Trust** is eligible to reclaim most of the VAT it pays on invoices from HMRC. Any invoices for which VAT cannot be reclaimed, as the purchases were for business activity, are identified and deleted.

Where invoices relate partly to business activity and partly to non-business activity, only the proportion of the VAT relating to the non-business activity will be reclaimed.

The **Trust** will not recoup the VAT element of journeys in the UK or abroad which are identified in invoices unless the **Trust** is making substantial and direct cash subsidies for each pupil.

Reclaimed VAT will not be debited to the individual academies, but to the VAT control account of the **Trust**.

On receipt of the reclaimed VAT from HMRC, the CFO will review the remittance, confirm whether this equals the claim made and sign the remittance to confirm this agreement.

18. Risk management

The **Trust** will maintain a risk register and manage risks to ensure its effective operation, including contingency and business continuity planning.

The Board of Trustees will take overall responsibility for risk management, including ultimate oversight of the risk register, while drawing on advice provided to it by the audit and risk committee. The Board of Trustees will review the risk register at least annually.

Risk management covers the full operations and activities of the **Trust**, not only financial risks.

The **Trust** will have adequate insurance cover in compliance with its legal obligations or will become a member of the academies [risk protection arrangement](#).

The **Trust** will cooperate with risk management auditors and risk managers and will implement any reasonable recommendations made to them.

19. Special payments

For the purpose of this policy, special payments include:

- Staff severance payments.
- Compensation payments.
- Ex gratia payments.

Where the **Trust** considers making a staff severance payment above statutory or contractual entitlements, the following factors will be considered prior to making the commitment:

- The proposed payment is in the interest of the **Trust**
- The payment is justified, based on legal assessment of the chances the **Trust** will successfully defend the case at employment tribunal
- The level of settlement is less than the legal assessment of what the relevant body will award

Under no circumstances will the **Trust** make severance payments where the money could be interpreted as a reward for insubordination or failure.

Where the **Trust** is considering a severance payment equal to or greater than £50,000, the **Trust** will seek prior approval from the ESFA. The ESFA will refer the transaction to HM Treasury so the **Trust** will allow sufficient time for this to be considered. Value for money will be shown for all severance payments.

The **Trust** will also obtain prior approval from the ESFA before making a staff severance payment where:

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

Compensation payments will take account of the facts of the matter ensuring value for money is achieved. For compensation equal to or greater than £50,000, prior approval from the ESFA will be sought.

The **Trust** will consider whether cases reveal concerns pertaining to the effectiveness of internal control.

Ex gratia payments will always be referred to the ESFA for approval.

20. Annual accounts

The **Trust** will maintain accounting records and prepare an annual report and audited accounts in line with the Charity Commission's [Statement of Recommended Practice](#) and the ESFA's '[Academies Accounts Direction](#)'.

When preparing financial statements for the period ending 31 August 2021, the **Trust** will also have regard to the supplementary bulletin, which provides guidance on matters arising from the coronavirus (COVID-19) pandemic.

The audited accounts will be:

- Submitted to the ESFA by 31 December each year.
- Published on the **Trust's** website by 31 January.
- Filed with Companies House in accordance with company law requirements, usually by 31 May.
- Provided to every member (under the Companies Act).
- Provided to anyone who requests a copy.

All copies of the accounting audit will be stored and filed securely, in line with the **Trust's** Data Protection Policy.

21. Auditing

The **Trust** will follow a tiered approach to internal control, risk management and assurance processes comprising:

- Clearly communicated procedures, structures and training of staff.
- Appropriate day-to-day supervision and checks by management.
- Internal scrutiny overseen by an audit and risk committee.
- External audit and assurance.

Internal scrutiny

Internal scrutiny will be conducted within the **Trust** and directed by the audit and risk committee, alongside the work of an external auditor, to provide independent assurance to the Board that its financial and other controls, and risk management procedures, are operating effectively.

Internal scrutiny will focus on:

- Evaluating the suitability of, and level of compliance with, financial and non-financial controls, including assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed.
- Offering advice and insight to the Board on how to address weaknesses in financial and non-financial controls.
- Ensuring all categories of risk are being adequately identified, reported and managed.

The programme of internal scrutiny will be covered by a scheme of work, driven and agreed by the audit and risk committee, and informed by risk. The programme of work will be spread appropriately over the year to ensure higher risk areas are reviewed in good time.

With reference to its risk register, the **Trust** will identify on a risk basis the areas it will review each year and modify its checks accordingly.

Internal scrutiny will take account of output from other assurance providers to inform the programme of work. Independence in internal scrutiny will be achieved by establishing appropriate reporting lines whereby those carrying out checks report directly to a committee of the Board.

Internal scrutiny will be kept under review and if any changes in size, complexity or risk profile become apparent, the **Trust** will consider whether its approach remains suitable.

The **Trust** will confirm, in its governance statement, the method(s) it uses for internal scrutiny and why these are used.

The **Trust** may also use other individuals or organisations where specialist non-financial knowledge is required. Where this is done, the **Trust** will reflect the individual's or organisation's findings, recommendations and conclusions as part of the summary document submitted to the ESFA.

Findings arising from internal scrutiny will be used to inform the accounting officer's statement of regularity in the annual accounts.

Regular reports of the programme of work will be provided at each audit and risk committee meeting, including recommendations to enhance financial and other controls and risk management.

The **Trust** will submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions to the ESFA by 31 December each year when it submits its audited annual accounts. If requested, the **Trust** will also provide any other internal scrutiny reports.

External auditing

The **Trust** will appoint an external auditor to give an opinion on whether its annual accounts present a true and fair view of the **Trust's** financial performance and position.

The contract with the external auditor will be in writing and be accompanied by a letter of engagement that only covers the details of the external audit including the requirements of the DfE. The letter of engagement will also include details of the removal of external auditors, before the expiry of the term of office, in exceptional circumstances. There will be a separate letter of engagement for additional services beyond the prescribed audit.

The **Trust** will retender its external audit contract at least every five years.

The Board of Trustees will notify the ESFA immediately of the removal or resignation of the auditors.

The accounting officer will produce a statement on regularity, propriety and compliance and this will be included in the **Trust's** annual accounts. The statement on regularity, propriety and compliance will include a responsibility to ensure that:

- There is efficient and effective use of resources in their charge.
- Public money is spent for the purposes intended by parliament.
- Appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control.

The **Trust** will respond promptly, reasonably and appropriately to any findings by the auditors.

22. Record keeping

All financial transactions of the **Trust** are recorded including, but not limited to, the following:

- Purchases and tenders
- Returns
- Payroll
- Cash flow
- Income and expenditures
- VAT returns

The CFO is responsible for keeping up-to-date records of the **Trust's** financial state.

Records will include the following information:

- Income and expenditure; identifying which transactions were cheques and which were cash payments
- The income and expenditure for each activity, with the activity recorded as a budget heading
- A balance sheet which identifies total income, expenditure and the balance for each budget heading
- The total income and expenditure for the year
- The balance and carry forward from the previous year
- Identified profit and loss – any causing concern is investigated

Each academy has its own set of financial records for day-to-day operational purposes and budget management.

Third party access rights

The ESFA or its agents may carry out audits and investigations at the **Trust**. The **Trust** will provide the ESFA with access to all books, records, information, explanations assets, premises and staff, and the ESFA may take copies of relevant documents.

Where the ESFA has concerns about financial management and/or governance at the **Trust**, it may wish to obtain from third parties information or documentation about the **Trust** which the ESFA considers relevant for the purposes of its investigation. The **Trust** will provide the ESFA with written authority giving permission for any third party to provide such information to the ESFA or its agents.

23. Notices to improve

Where the ESFA has concerns about the **Trust's** financial management and/or governance, and has issued a Notice to Improve (Ntl), the **Trust** will comply with this notice.

The ESFA will notify the **Trust** of the date of which it published the Ntl.

The **Trust** will publish any Ntl issued by the ESFA on its website within 14 days of it being issued, and retain this on the website until it is lifted by the ESFA. If a Ntl is issued, the **Trust** will seek prior approval from the ESFA for all transactions outlined in [section 19](#), specifically:

- Special staff severance payments
- Compensation payments
- Writing off debts and losses
- Entering into guarantees, indemnities or letters of comfort
- Disposals of fixed assets beyond any limit in the funding agreement
- Taking up a leasehold or tenancy agreement on land or buildings of a duration beyond any limit in the funding agreement
- Carrying forward of unspent GAG from one year to the next beyond any limit in the funding agreement
- Pooling of GAG

Where required, the **Trust** will seek prior approval from the ESFA before entering into transactions with related parties. The **Trust** will submit additional information, such as monthly income and expenditure accounts, if required by the ESFA,

24. Whistleblowing and fraud

The **Trust** puts proportionate controls in place to mitigate the risks of fraud, theft and irregularity, e.g. regular inspections addressing risks, and implements an Anti-Fraud and Corruption Policy.

Where instances of fraud, theft or irregularity are suspected or identified the Board of **Trustees** will investigate it promptly and should any evidence of fraud be found, they will take appropriate action.

In any instance of fraud, theft or irregularity whereby the amount defrauded comes to a total exceeding £5,000 in a financial year, the Board of Trustees will report it to the ESFA as soon as they become aware of it.

- When reporting to the ESFA on instances of fraud, theft or irregularity, the academy will include the following information:
 - Full details of the event(s) with all key dates
 - The financial value of the loss
 - The measures taken by the **Trust** to prevent recurrence
 - Whether the matter was referred to the police and if not, the reasons why
 - Whether the insurance or the risk protection agreement have offset any loss

Reports of fraud will be treated in a fair and unbiased manner as outlined in the Anti-Fraud and Corruption Policy

The **Trust's** Whistleblowing Policy outlines the procedures to follow in the event of a report being made by a member of staff, as well as the appeals process and what can be done in the event of a whistle-blower being treated unfairly.

The Principal will ensure all their staff are aware of the Whistleblowing Policy, ensuring that they understand the process of reporting a concern and what they can expect once they have brought a concern to the attention of the academy.

All concerns raised by whistle-blowers are responded to properly and fairly in line with the Whistleblowing Policy.

25. Cyber-crime

The **Trust** is aware of the risk of cyber-crime and proportionate controls will be put in place to manage risks and appropriate action will be taken where a cyber-security incident has occurred.

The **Trust** will obtain permission from the ESFA to pay any cyber-ransom demands and understands that the ESFA supports the National Crime Agency's recommendation not to encourage, endorse or condone the payment of ransom demands.

26. Self-assessment

The **Trust** will utilise independent external reviews of the **Trust's** governance. External reviews of governance will be conducted routinely as part of the **Trust's** wider programme of

self-assessment and improvement. External reviews will also be conducted before the Board of Trustees undertakes any significant change, e.g. before the **Trust** grows significantly.

The **Trust** will complete the '[School resource management and self-assessment tool](#)' and submit its completed checklist to the ESFA by the specified annual deadline.

27. Monitoring and review

This policy will be reviewed on an annual basis, or when new legislation/guidance regarding the subject is published, by Finance and General Purposes and the accounting officer.

The CFO will review and monitor all financial records continuously throughout the year, raising any concerns with the accounting officer.

The next scheduled review date for this policy is September 2022.

APPROVED