

0345 200 8600  
enquiries@junipereducation.org  
junipereducation.org

Education Finance Support, September 2020

© 2019 Juniper Education. All rights reserved. This publication is the intellectual property of Juniper Education and no part of it may be reproduced, stored or transmitted by any means without prior permission of Juniper Education. Any unauthorised use for commercial gain will constitute an infringement of copyright.



**Financial Regulations and  
Scheme of Delegation**

**for**

**TVI Learning**

**Date adopted: 07/12/2023**

**Due for review: December 2024**

# CONTENTS

Confirmation that the Financial Regulations have been discussed and adopted by the Board of Directors

## Scheme of Delegation - Authorisation and Monetary Limits

1. General
2. Day-to-day delegation
  - 2.1 Expenditure Limits
  - 2.2 Staff Appointments / severance payments / compensation payments
  - 2.3 Virements (budget transfers) Limits
  - 2.4 Write Offs and Liabilities
  - 2.5 Disposals of surplus stocks, stores and assets
  - 2.6 Receiving of Goods / Acknowledgement of Service
  - 2.7 Mileage Allowances & Subsistence claims
  - 2.8 VAT Returns
  - 2.9 Financial Notice to Improve
3. Organisation
  - 3.1 The Board of Directors
  - 3.2 The Finance, Premises and Personnel Committee (FPPC)
  - 3.3 The Audit and Risk Committee
  - 3.4 The Headteacher and Accounting Officer
  - 3.5 The Chief Financial Officer
  - 3.6 Other Staff
4. Risk Management/Internal Control
  - 4.1 Internal Scrutiny
  - 4.2 Register of Interests, Gifts and Hospitality
  - 4.3 Register of People with Significant Control
  - 4.4 Gifts & Hospitality
  - 4.5 Trading with Connected Parties
  - 4.6 Business Continuity
  - 4.7 Internal Controls
  - 4.8 Separation of Duties
5. Accounting System
  - 5.1 Introduction
  - 5.2 System Access
  - 5.3 System Back-up Procedures
  - 5.4 Transaction Processing
  - 5.5 Transaction Reports
  - 5.6 Reconciliations
6. Financial Planning and Review
  - 6.1 Development Plan
  - 6.2 Annual Budget
  - 6.3 Budget Planning
  - 6.4 Balancing the Budget
  - 6.5 Finalising the Budget
  - 6.6 Budget Monitoring and Review
  - 6.7 Financial Returns
  - 6.8 SRMSAT
7. Payroll and Personnel Procedures

- 7.1 Staff Appointments
  - 7.2 Setting executive pay
  - 7.3 Payroll Administration
  - 7.4 Payroll Process
  - 7.5 Payroll Returns
  - 7.6 Payments and Control Checks
  - 7.7 Retention of Records
8. Purchasing and Payment Procedures
- 8.1 Routine Purchasing
  - 8.2 Internet Purchases
  - 8.3 Petty Cash
  - 8.4 Purchase/Debit Cards
  - 8.5 Lease Agreements
  - 8.6 Contracts
  - 8.7 Novel, Contentious & Repercussive Transactions
9. Tendering Procedures
- 9.1 Introduction to Tendering
  - 9.2 Forms of Tender
  - 9.3 Preparation for Tender
  - 9.4 Invitation to Tender
  - 9.5 Aspects to Consider
  - 9.6 Tender Instructions
  - 9.7 Tender Opening Procedures
  - 9.8 Tendering Evaluation & Acceptance
10. Income
- 10.1 General
  - 10.2 Custody
  - 10.3 Automated payments
  - 10.4 Educational Trips
  - 10.5 Catering / Meals
  - 10.6 Automated Payments
  - 10.7 Refunds
  - 10.8 Lettings
11. Cash Management, Banking and Investments
- 11.1 Cash Management and Banking
  - 11.2 Investments
  - 11.3 Borrowing
12. Fixed Assets
- 12.1 Introduction
  - 12.2 Fixed Asset Register
  - 12.3 Disposals
  - 12.4 Assets on Loan
13. Governors' / Directors' Allowances
- 13.1 Policy and Regulations
  - 13.2 Allowance Rates
  - 13.3 Authorisation
14. Insurance

## 15. Whistleblowing

- 15.1 Directors'/Governors' Statement
- 15.2 Background and Context
- 15.3 What should an individual do if "Whistleblowing"?
- 15.4 What should a Line Manager do when a complaint is received?
- 15.5 Protecting "Whistleblowers" and Complainants
- 15.6 Individuals Receiving a Complaint About Themselves
- 15.7 A Sense of Perspective
- 15.8 Malicious Accusations

## Appendices

**Confirmation that the Financial Regulations and Scheme of Delegation in respect of TVI Learning have been discussed and formerly adopted by the Board of Directors**

Signed by:

Chair of Directors: ..... Date: .....

Print name: .....

Chair of *FPPC*..... Date: .....

Print name: .....

Headteacher: ..... Date: .....

Print name: .....

Agreed at the Board of Directors Meeting on: ....08/12/2022..... Minute Reference: .....

# Scheme of Delegation - Authorisation and Monetary Limits

These limits are taken from the financial regulations that were approved by the Full Directors on: 10/12/2020

## Authorisation Limits

### Expenditure Limits

Headteacher	Up to £25,000 (approved SDP expenditure) £10,000
Deputy Headteacher	Up to £5,000
FPPC	Unbudgeted expenditure / Exceeding budget from £10,000.01 needs to be authorised by the FPPC

[The Chair of the FPPC has authority to approve all such expenditure on behalf of the finance committee]

The Chair of Directors has authority to approve all such expenditure on behalf of the Full Directors where this has been previously approved in principle as part of the original budget plan

### Bacs Approval

Two Approvers	Up to £70,000
Two Approvers (plus Chair of Directors)	Over £70,000
Maximum Bacs payment has been set at £200,000 (£70,000 to £200,000 for payroll purposes only)	

### Cheque Signatories

Two signatories	Up to £10,000
Chair of Directors (plus one other)	Over £10,000.01

### Virement Limits

Headteacher	Up to £20,000
FPPC & Full Directors	From £20,000.01 and up
Notify EFSA if considered significant	

### Writing off bad debts

School Business Manager	Up to £25
Headteacher / FPPC (reported to FGB)	£25.01 and above

Approval from EFSA

Above amount in annual funding letter or as per delegated limits specified in section 3.6 of the Academies Financial Handbook 2016

### Disposal of Surplus Stock, Stores & Assets (estimated value)

Headteacher	Up to £250
-------------	------------

FPPC	From £251 to £5,000
Full Directors	Over £5,000.01
Full Directors plus prior approval of EFSA	Freehold land & buildings/heritage assets as per section 3.8 of the Academies Financial Handbook 2016

## **Other Monetary Limits**

<b>Mileage Allowance</b>	HM Revenue & Customs approved rate
<b>Petty Cash</b>	£250
<b>Safe Cash/ Cheque limits (as per our insurance policy)</b>	£3,000 – cash £5,000 – cheques (recorded at point of receipt) £500 monetary instruments i.e. stamps, vouchers
<b>Ordering Procedures</b>	
3 Competitive quotations (written evidence required)	£5,000 - £50,000
Tendering procedure	Over £50,000.01
Tendering procedure + OJEU	€209,000+ (Euros) for supplies and services
Tendering procedure + OJEU	€5,225,000+ (Euros) for works
<b><u>Asset Register</u></b>	
Capitalisation limit	Over £1,000
Attractive portable items	Over £250
<b><u>Pre-Authorisation Approval Procedures</u></b>	
<b>Personal Expenses</b>	
Headteacher	Chair of Finance/Chair of Directors
Other Staff	Headteacher
<b>Petty Cash</b>	
Headteacher	Chair of Finance/Chair of Directors
Other Staff	Headteacher
<b>Purchase Card Expenditure</b>	
Headteacher	Chair of Finance/Chair of Directors
Other Staff	Headteacher



## 1. GENERAL

- 1.1 In accordance with the Academies Financial Handbook (AFH) and Education & Skills Funding Agency (ESFA) updates, the Directors of TVI Learning understand that they must apply the highest standards of conduct and ensure robust governance as these are critical for effective financial management as per section 1.11 of the AFH 2020. In so doing, they hereby recognise the need to lay down formally a policy for the overall management of the Academy budget and the day-to-day management of the Academy's financial affairs.
- 1.2 The purpose of this manual is to ensure that the academy maintains and develops systems of financial control which conform to the requirements both of regularity, propriety, and value for money. It is essential that these systems operate properly to meet the requirements of our funding agreement with the ESFA.
- 1.3 The academy must comply with the principles of financial control outlined in the academy's guidance published by the ESFA. This manual expands on that and provides detailed information on the academy's accounting procedures and systems. This manual should be read by all staff and governors involved with financial procedures and it should be readily available.
- 1.4 The general conditions that follow are subject to annual review and consideration by the Full Board of Directors, who must formally minute both the review and any subsequent amendments and approval each year.
- 1.5 The Board of Directors confirms that failure to observe these conditions is considered a serious matter and might involve disciplinary procedures being taken against the individual concerned.
- 1.6 The Board of Directors confirms that day-to-day financial management of the Academy is delegated to the Headteacher subject to exceptions contained in these regulations.
- 1.7 Throughout these conditions, delegation to the Headteacher shall imply further delegation to the Deputy Headteacher when the Headteacher is not on the Academy site. Where the Headteacher wishes to permanently delegate certain financial matters or activities, then the level of that delegation shall be notified in writing to the individual(s) concerned, reported to the Board of Directors in writing and incorporated in these conditions.
- 1.8 Whilst the main financial responsibilities are listed for the Board of Directors and FPPC, their terms of reference are not included in this document. Similarly, all the financial duties of academy staff are not listed but may be found in their job descriptions.
- 1.9 The board of Directors of the academy trust must appoint, in writing, a senior executive leader (principal or chief executive) who should be an employee and appointed as the accounting officer; they must have appropriate oversight of financial transactions as per section 1.26 of the AFH 2020.

## 2. DAY-TO-DAY DELEGATION OF AUTHORITY

### 2.1 Expenditure Limits

- 2.11 The Deputy Headteacher is able to authorise expenditure for day-to-day items and services up to £5,000 on any one item (excluding utility charges and annual contracts where the approximate cost has clearly been documented and approved in the annual budget) as long as an adequate budget provision exists.
- 2.12 A sequence of orders all within the above limit to cover a larger order or orders is not permitted.

Authorisations up to £25,000 are to be referred to the Headteacher, and anything above to the FPPC, who has full authorisation to approve all such expenditure. Anything over £25,000 will also be reported to the Chair of Directors who has full authorisation to approve all such expenditure on behalf of the Full Board of Directors (where this has previously been approved in principle as part of the original budget plan). All new expenditure above £10,000 must be referred to the FPPC in advance of the expenditure taking place and then in due course the Board of Directors for approval.

### 2.2 Staff Appointments

- 2.21 The Board of Directors has approved a personnel establishment for the academy. Changes can only be made to this establishment with the express approval in the first instance of the FPPC who must ensure that adequate budgetary provision exists for any establishment changes.
- 2.22 Appointments must fall within the guidelines of the academy's pay policy.

The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteacher whose appointments must follow consultation with the Directors. The Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Human Resources (HR) service provider immediately.

- 2.23 All relevant forms and paperwork with regard to the appointment of, or amendment to contracts, of staff should be sourced from the academy's Human Resources (HR) service provider.
- 2.24 All personnel pre-employment checks should be completed and relevant clearances obtained for all staff before they start their employment and renewed as per the academy's personnel policies.
- 2.25 **Special staff severance payments:** The Board of Directors has authority to approve individual staff severance payments as per section 5.10 of the AFH 2020, provided any non-statutory/non-contractual element is under £50,000. The academy trust should demonstrate value for money by applying a high level of scrutiny to all severance payments regardless of amount and have a business case justifying the level of settlement reached. Where the trust is considering a non-statutory/non-contractual payment of £50,000 or more ESFA's prior approval must be obtained before the Board of Directors makes any binding settlement offer to staff.
- 2.26 **Compensation payments:** If the academy trust is considering making a compensation payment (as defined in section 5.13 of the AFH 2020) the decision must be based on a careful appraisal of the

facts, including legal advice where relevant, and ensure that value for money will be achieved. Academy trusts have delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the trust is considering a non-statutory/non contractual payment of £50,000 or more ESFA's prior approval must be obtained.

- 2.27 Ex gratia payments: If the academy trust is considering making an Ex gratia payment (as defined in section 5.16 of the AFH 2020) the ESFA's prior approval must be obtained regardless of value.

### **2.3 Virement (Budget Transfer) Limits**

2.31 The Headteacher is able to authorise virements between individual cost centres up to a limit of £20,000. Virements over this amount are to be referred to the FPPC, who have authorisation to approve virements for anything above this amount, (in accordance with the scheme of delegation). The Board of Directors will be informed at the next meeting of any changes to the Budget.

2.32 All virements, including increases to income, are to be formally recorded on controlled stationery that is sequentially numbered and bears the relevant authorised signatures and may also be individually referenced on the academy's financial accounting system.

2.33 All virements, regardless of value, must be reported to the FPPC at the next meeting.

### **2.4 Write offs and liabilities**

The School Business Manager can authorise minor write offs up to a value of £25. The Headteacher may authorise writing off bad debts over this amount. Requests for write offs exceeding £45,000 are to be referred to the FPPC. However, all bad debts written off by the School Business Manager will be reported to the FPPC at the next meeting.

The trust will seek ESFA prior approval for writing off debts and losses, entering into guarantees or letters of comfort, or entering into indemnities which are not in the common course of business which fall within the following limits:

- 1% of total annual grant income or £45,000 (whichever is smaller) per single transaction,
- cumulatively in any financial year per category of transaction if the trust has not submitted unqualified accounts for previous two financial years - 2.5% total annual grant income (maximum £250,000), or 5% total annual grant income (max £250,000) if the trust has submitted timely unqualified accounts in the last two financial years (5.20 ATH 2023).

#### Acquisition and disposal of fixed assets

Academy trusts must obtain prior approval from ESFA for the following transactions: acquiring a freehold of land or buildings, disposing of a freehold of land or buildings & disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally. Other than land, buildings and heritage assets, trusts can dispose of other fixed assets without ESFA's approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

- 2.41 The trust should always pursue recovery of overpayments within practical and legal limitations. The trust should only consider writing off losses if there is no feasible alternative. For any write offs above

the value in the annual funding letter or as defined by in section 5.20 of AFH 2020, authorisation will be required from the ESFA.

2.42 A sequence of smaller write offs within the above limits to cover a larger write off, is not permitted.

## 2.5 Disposal of Surplus Stocks, Stores and Assets

2.51 The Headteacher can dispose of surplus stocks, stores and assets to the value of £250 without prior authorisation from the Board of Directors. All disposals to this value must be reported to the FPPC at the next possible meeting. Authority for disposals above this amount can only be given in accordance with the specified limits and as per the guidance in section 5.23 of AFH 2020

2.52 All disposals must be formally recorded in the minutes and in addition, where the amount exceeds £5,000 a separate report will be issued to the Full Governing Body for their approval.

2.53 Disposal of a heritage asset beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally must be pre-approved by the ESFA. Disposal of freehold of land or buildings must be pre-approved by the ESFA as per section 5.22 of AFH 2020.

## 2.6 Receiving of Goods / Acknowledgment of Service

Receiving of goods and signing of deliver notes will not in normal circumstances be undertaken by the person authorising payment. For day to day operations therefore, receiving and signing for goods and services etc. will be by the Office/Site Team who is not involved in the authorisation process.

## 2.7 Mileage Allowances and Subsistence Claims

2.71 The Academy will reimburse mileage expenses to individuals for business journeys at a rate in accordance with the limitations set out by HM Revenue & Customs

2.72 The claimant is entitled to be notified of this rate in advance of commencing their journey. The claimant must have suitable insurance in place to cover both the vehicle and passengers and that indemnifies the Academy against any claim.

2.73 A VAT registered fuel receipt must accompany every mileage claim, indicating that duty has been paid on sufficient fuel for the distance covered (approximately 27% of the mileage claimed) in order for the Academy to be able to reclaim VAT.

2.74 All expense claims are to be authorised by the Headteacher/Deputy Headteacher

2.75 The Chair of Directors must sign any claims relating to the Headteacher.

2.76 Receipts or other appropriate evidence of expenditure must be attached to the claim in respect of all purchases, i.e. rail/bus fares, subsistence, telephone calls, postage and any other purchases that may be approved.

2.77 Rates of subsistence will be paid up to the rates below, will not include claims for alcohol and must be supported by receipts whatever the expenditure:-

Breakfast	£5
-----------	----

Lunch	£10
Evening Meal	£20

The Academy may not reclaim VAT without a proper VAT receipt.

- 2.78 Academies making payments for employees' expenses through payroll and therefore paying tax on all their benefits do not need to submit a P11D for those employees, but do still need to submit a P11D(b) in order to pay any Class 1A National Insurance owed. Routine employee expenses & benefits such as business travel, phone bills, business entertainment expenses, uniform and tools for work do not have to be reported to HMRC if the academy pays HMRC's benchmark rates for allowable expenses. For expenses paid on the academy's own bespoke rates to employees, the academy must apply for an exemption. Previous dispensations ceased to apply after 5 April 2016.

Further guidance on dispensations can be found on the following link to the HMRC website:

<https://www.gov.uk/employer-reporting-expenses-benefits/dispensations>

<https://www.gov.uk/government/publications/payee-employer-expenses-and-benefits-exemption>

- 2.79 Academies making payments directly through their own bank account rather than via payroll:-

Properly completed claims should be paid locally by cheque/BACS and all papers kept together for six financial years plus the current. It may be necessary to submit details of payments made and mileage travelled to HM Revenue & Customs.

## 2.8 VAT Returns

- 2.81 It is the responsibility of School Business Manager to ensure that the academy's VAT is correctly accounted for in accordance with HMRC requirements and promptly claimed on a monthly basis.
- 2.82 Specific advice on VAT matters should be sought from the HMRC, ESFA bulletin updates and from the academy's external auditors.
- 2.83 If the academy decides not to register for VAT as the business income falls below the HMRC threshold for compulsory VAT registration, and therefore processes claims using the VAT online reclaim system, it is the responsibility of School Business Manager to monitor the business income to ensure the threshold limit is not exceeded in any 12 month period. In the event the limit is exceeded, the Directors /governors must be made aware and HMRC notified of the change in status to enable the academy trust to become VAT registered.

## 2.9 Financial Notice to Improve

- 2.91 Aforementioned delegated authorities will be revoked if the academy trust is subject to a Financial Notice to Improve. All transactions must be approved by ESFA, especially those listed in section 6.18 of AFH 2020.
- 2.92 All terms of the Financial Notice to Improve will be adhered to.
- 2.93 If the trust is subject to an FNtI, it will publish the FNtI on its website within 14 days of issue, and until the notice is lifted by ESFA.

### 3. ORGANISATION

The academy has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below.

#### 3.1 The Board of Directors

The Board of Directors has overall responsibility for the administration of the academy's finances. The board of Directors should identify the skills and experience that it needs and address any gaps through recruitment and/or induction, training and other development activities. The board should also address this for any local governing bodies it has put in place. The board should use the DfE's competency framework for governance to help determine any skills gaps.

The main responsibilities of the Board of Directors are prescribed in the Funding Agreement between the academy and the ESFA and in the academy's scheme of government.

The main responsibilities include:

- i. ensuring that funds are used only in accordance with the law, its articles of association, the board's powers under the Funding Agreement and the current AFH
- ii. ensuring proper stewardship of the funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use (value for money)
- iii. ensuring the proper governance and conduct of the trust under the terms of the Charity Commissions guidance for academies in Academy Schools: guidance on their regulation as charities, and guidance notes: CC3: The Essential Trustee and CC8 – Internal Controls for Charities
- iv. being aware of their statutory duties as company directors, which are set out in sections 170 to 177 of the Companies Act 2006
- v. appointment of a clerk who is someone other than a trustee, governor, Headteacher/Principal or Chief Executive. The Clerk should be able to provide the board with administrative and organisational support, procedural advice, guidance on legal and regulatory framework compliance.
- vi. approval of the annual budget
- vii. appointment of the Headteacher and the Finance Director in conjunction with the Headteacher .
- viii. ensuring an adequate process exists for independent checking of financial controls, systems, transactions and risks under section 3.1 of AFH 2020.
- ix. ensuring the maintenance and regular review of a register of the risks arising from the operation of the trust including the likelihood and materiality of each risk and how they are being managed or mitigated. The trust must maintain a risk register under section 2.38 of the AFH 2020
- x. ensuring the register of people with significant control (PSC) is filed with Companies House as part of the annual confirmation statement
- xi. approval of the academy's Financial Regulations and Scheme of Delegation
- xii. appointing / agreeing the continued appointment of the trust's auditors and ensuring the contract takes the form of a letter of engagement for the external audit. Additional services purchased must have a separate letter of engagement specifying the precise requirements of the work and the fees to be charged; as per section 4.5 AFH 2020
- xiii. notifying the ESFA immediately of the removal or resignation of the auditors; as per section 4.7 AFH 2020

- xiv. approval of the annual financial statements and the accounting policies used to prepare the financial statements
- xv. ensuring the trust has a clear plan for the use of any financial surplus for the benefit of the pupils as per section 5.28 AFH 2020
- xvi. approval of the Directors' Annual Report and Governance Statement
- xvii approval of the Terms of Reference of the FPPC
- xviii taking ownership of the trust's financial sustainability and its ability to operate as a going concern.
- xix keeping members informed of trust business, including providing every member with a copy of, or access to the trust's audited annual report and accounts in accordance with the Companies Act.

Apart from the above, delegation of the academy's financial matters to the FPPC.

### 3.2 The Finance, Premises & Personnel Committee (FPPC)

The FPPC is a committee of the Board of Directors which may only conduct business when quorate. The FPPC meets 6 times a year but more frequent meetings can be arranged if necessary. The main responsibilities of the FPPC are detailed in written terms of reference which have been authorised by the Board of Directors.

The responsibilities include:

- i. Initial review and authorisation of the annual budget (final approval must be by the Full Board of Directors)
- ii. Receiving monthly management reports, to facilitate the monitoring of the Academy's actual financial performance compared with budgeted priorities and cash flow, and to take remedial action as necessary. Such action will be reported to the Board of Directors; in all cases liaison must be maintained with other appropriate committees.
- iii. Reviewing and monitoring of budget projections / medium term financial plans to ensure the Academy's budget is realistic and any financial decisions are sustainable.
- iv. Ensuring the annual accounts and returns are produced in accordance with the requirements of the Companies Act 1985 and the ESFA guidance issued to academies;
- v. Authorising the award of contracts and leases over £50,000 over the contract / lease lifetime
- vi. Authorising changes to the academy personnel establishment
- vii. Apart from the annual budget which must be approved by the Board of Directors, approval of cash flow forecasts and any other reporting requirements for the forthcoming financial year in accordance with the timescales dictated by the AFH AFH / ESFA updates.
- viii. Determining the Academy's financial priorities through the Academy Development Plan (ADP) the Asset Management Plan (AMP) and ICT Development plan.
- ix. Making decisions on requests from other committees that will have an impact on the Academy's financial position.
- x. Making decisions on expenditure within the Committee's delegated powers.
- xi. Making decisions on virements within agreed budgets, within the Committee's delegated powers, and authorising any budgetary adjustments made.
- xii. Advising the Board of Directors on the appropriateness, or otherwise, of virements to be made outside of the Committee's delegated powers.
- xiii. Reviewing annually the Academy's Financial Regulations and Scheme of Delegation.
- xiv. Reviewing annually the Terms of Reference of the FPPC.
- xv. Ensuring the Register of Business Interests is kept up to date.
- xvi. Annually reviewing all ongoing contracts.
- xvii. Reviewing the various leasing agreement schemes and options available to the Academy.
- xviii. Awarding of contracts by tender up to a specified limit.

- xix. Monitoring **all** spending and income received in the Academy including Trading Accounts
- xx. Ensuring that funding from the ESFA and other sources is used only in accordance with any conditions attached.
- xxi. Receiving and commenting on the content of any audit report or Responsible Officer report relating to ESFA funding and monitoring the implementation of the agreed action plan. These reports must also be reported to the Board of Directors.
- xxii. Annually reviewing and appointing the independent external auditor to the Academy
- xxiii. Agreeing and determining appropriate charges for lettings of the premises, in line with the Academy's lettings policy.
- xxiv. Ensuring the Academy has appropriate internal financial controls in place and adheres to the policies and procedures as set out within the AFH, Dear Accounting Officer letters and ESFA updates.

### **3.3 Audit and Risk Committee (delegated to non-Staff members of the FPPC)**

3.31 The duties of the Audit and Risk Committee are as set out in the terms of reference and include the following financial responsibilities:

- reviewing the trust's internal and external financial statements and reports to ensure that they reflect best practice
- assess the effectiveness and resources of the external auditor, including their sector experience, understanding of the trust and its activities, knowledge and integrity of partners and staff, ability to robustly challenge trust staff;
- discussing with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff
- considering all relevant reports by the appointed external auditor, including reports on the trust's accounts, achievement of value for money and the response to any management letters, and the actions taken/planned by the trust's managers in response;
- reviewing the effectiveness of the academy's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner
- 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
- receiving and commenting on the content of any audit report relating to ESFA funding and monitoring the implementation of the agreed action plan. These reports must also be presented to the Board of Directors.

3.32 Where there is no separate Audit and Risk Committee, the above duties must be undertaken by the FPPC when performing the functions of an Audit and Risk Committee.

3.33 Employees should not be audit and risk committee members, but the CFO and accounting officer should attend meetings to provide information; where the function is combined with another committee, employees should not participate in audit and risk management discussions. The Chair of Directors should not be chair of audit and risk committee.

### **3.4 The Headteacher and the Accounting Officer**

Within the framework of the academy development plan as approved by the Board of Directors the Headteacher has overall executive responsibility for the academy's activities including financial activities. The Headteacher is appointed as the designated Accounting Officer who is personally responsible to Parliament. The role of the Accounting Officer must not rotate. Accounting Officers have a personal responsibility for:



- assuring the board that there is compliance with the Handbook, the Funding Agreement and all relevant aspects of company and charitable law
- the propriety and regularity of the public finances for which they are answerable
- keeping proper accounts
- prudent and economical administration
- avoidance of waste and extravagance
- economic, efficient and effective use of all the resources in their charge (value for money) in order to achieve the best possible educational outcomes
- providing governors with the relevant information on 'value for money' for inclusion in the annual governance statements.
- the management of opportunities and risks
- acting under section 1.33 of AFH 2020 if they consider at any time that the Board is failing to act under the terms of the Handbook or the Funding Agreement
- notifying the ESFA's accounting officer immediately and in writing, if the accounting officer considers that action proposed by the board is in breach of the articles, the funding agreement or the AFH, and they intend to proceed despite having been advised that the action contravenes the aforementioned regulations.
- adherence to the 'seven principles of public life'.

Much of the financial responsibility has been delegated to the School Business Manager but the Headteacher retains responsibility for:

- ensuring that bank accounts, financial systems and financial records are operated by more than one person
- safeguarding the trust's property to prevent losses and misuse including maintenance of adequate fixed asset registers
- keeping full and accurate accounting records
- preparing accruals accounts in accordance with existing accounting standards
- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Directors have agreed should be approved by them;
- authorising contracts upto £50,000 in conjunction with the FPPC
- signing cheques / authorising BACS payments in conjunction with the Deputy headteacher or other authorised signatory.
- signing the academy's annual Governance Statement, jointly with the Chair of Directors (see latest Academy Accounts Direction)
- signing the academy's annual Statement on Regularity, Propriety and Compliance (see latest Accounts Direction), to be submitted to the ESFA annually with the audited accounts, and other returns as required by the ESFA.

### 3.5 The Chief Financial Officer (CFO)

The academy trust must have a Chief Financial Officer, appointed by the trust's board, who is the School Business Manager and who works in close collaboration with the Headteacher through whom he or she is responsible to the Directors. The CFO must be appropriately qualified and/or experienced, should play both a technical and a leadership role and should be employed of the trust; ESFA prior approval must be obtained if the trust has exceptional circumstances under which it proposes to appoint a CFO who will not be an employee. The CFO and their finance staff should maintain their continuing professional development and be allowed access to the Directors via the FPPC. The main responsibilities of the School Business Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Governing Body;
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy
- the preparation of monthly management accounts
- VAT returns
- ensuring forms and returns are sent to the ESFA in line with the timetable in the published guidance and bulletins.

### **3.6 Other Staff**

Other members of staff, primarily the Finance Manager will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

## **4. RISK MANAGEMENT / INTERNAL CONTROL**

The trust's risk register is maintained by School Business Manager. The Board of Directors has overall responsibility for risk management including oversight of the risk register, which must be reviewed annually.

The FPPC committee is responsible for directing the internal scrutiny and will ensure that the findings are made available to all Directors promptly.

### **4.1 Internal Scrutiny**

4.11 The academy trust must manage the programme of internal scrutiny to provide independent assurance to the board that its risk management, financial and non-financial controls are operating effectively and efficiently. This must focus on evaluating the suitability of and level of compliance with financial and other controls, including checking transactions to confirm procedures are being followed; offering advice and insight to the board on how to address weaknesses to facilitate improvement in controls; ensuring all categories of risk are being adequately identified, reported and managed.

4.12 The trust will decide the areas it will review each year based on risk; including any areas where procedures or systems have changed; taking account of output from other assurance procedures such as recommendations in external auditor's management letter and relevant ESFA reviews.

The trust will keep its approach to internal scrutiny under review, especially where there are changes to size, complexity or risk profile.

Changes in financial control will be communicated immediately with the finance team. Training will take place to ensure that the appropriate people have the knowledge and skills to undertake the new tasks at the appropriate level. Also, that the whole finance team has an understanding of why these changes have been made.

#### 4.13 Internal scrutiny will be:

- independent and objective – not conducted by the accounting officer, CFO or any member of the finance team
- conducted by someone suitably qualified, experienced and able to draw on technical expertise
- covered by a scheme of work, driven and agreed by the FPPC performing the work of an audit and risk committee and informed by risk
- timely, with the programme of work spread appropriately over the year so higher risks are covered and reviewed in good time
- evidenced by
  - a report following each review, submitted to the audit and risk committee, of the work conducted including recommendations for improved controls where appropriate
  - an annual summary report for each year ended 31 August outlining areas reviewed, key findings, recommendations and conclusions enabling the committee to consider actions and assess year on year progress; this report will be submitted to ESFA by 31 December each year along with its audited annual accounts.

#### 4.14 The trust will deliver internal scrutiny in the following manner as the board has agreed this is most appropriate to their circumstances:

- appointment of a bought-in internal audit service from an organisation with professional indemnity insurance

Auditors should be members of a professional body.

The basis for the choice of method must be minuted and included in trust's governance statement accompanying its annual accounts. The outcome of the work will inform the accounting officer's statement of regularity in the annual accounts.

#### 4.15 The trust's elected form of internal audit will complete a termly programme of reviews following the scope of work agreed by the FPPC

#### 4.16 The trust will submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions to ESFA by 31<sup>st</sup> December each year alongside its audited annual accounts.

## 4.2 Register of Interests, Gifts & Hospitality

#### 4.21 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise the academy trust must maintain a Register of Interests which captures relevant business and pecuniary interests of members, Directors, local governors of academies within a MAT, senior employees and staff with significant financial or spending powers.

#### 4.22 The register, is continually updated when changes occur and is subject to a full annual review to ensure it is kept up to date at all times. The register is open to public inspection. It should include all business interests such as directorships, partnerships, employments, share-holdings or other appointments of influence within a business or organisation which may provide goods or services to the trust; Directorships and governorships including at other educational institutions and charities irrespective of whether there is a trading relationship with the trust. For each interest the register

must show the name of and nature of the business, the nature of the interest and the date the interest began.

- 4.23 The register must identify any relevant material interests arising from close family relationships between the academy trust's members, Directors or local governors; and also those arising from close family relationships between those individuals and employees. It must also include business interests of relatives such as a parent or spouse / cohabitee or business partner where influence could be exerted over a governor or a member of staff by that person. The register may include other employees of the trust.
- 4.24 In addition to the register of business interests, all governors and staff must declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee at each meeting. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting. The opportunity should also be given for governors and staff to declare previously undeclared interests at every meeting.
- 4.25 The Trust will publish the relevant business and pecuniary interests, including governance roles in other educational institutions, of Directors and members (taken from the Register of Business interests) on their website. If the trust's accounting officer is not a trustee, their relevant business and pecuniary interests must also be published on the website. The trust will publish the full Register of Business Interests on their website.

### **4.3 Register of Persons with Significant Control (PSC)**

Persons with significant control are defined as members holding more than 25% of the voting rights, either directly or indirectly. If there are 4 or less members in the Trust, they will all be classified as PSC's.

From 06 April 2016 the trust will maintain a register of persons who have significant control. From 30 June 2016, the trust will file information on the register with Companies House as part of a new annual confirmation statement which replaces the annual return. Where there are no PSC's the trust must put the following statement in the register:

"The company knows or has reasonable cause to believe that there is no registrable person or registrable relevant legal entity in relation to the company".

### **4.4 Gifts & Hospitality**

- 4.41 The trust should have a policy on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise their personal judgement or integrity. Where such benefits have been received, they should be recorded in the register detailing, for each occasion, the nature of the benefit and the donor. When giving gifts, the trust must ensure that the value of the gift is reasonable, is within the trust's scheme of delegation, the decision is fully documented and has regard to the propriety and regularity in the use of public funds.

The academy trust must maintain a register even where no gifts have been declared, which should be signed by the Chair of Governors on an annual basis.

- 4.42 Academy trusts must ensure that:
- no trustee, director, employee or related individual or organisation gains from their position by receiving payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust;
  - no payment(s) are made to any trustee by the trust unless such payment(s) is/are permitted by the Articles and (where applicable) comply with the terms of any relevant agreement entered into

with the Secretary of State. Academy trusts will in particular need to consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest;

- any payment provided to the persons referred to in section 5.35 of AFH 2020 satisfies the no-profit principles set out in this section of the Handbook;
- there is probity in the use of public funds.

#### 4.5 Trading with Connected Parties

- 4.51 From 7 November 2013, Academy trusts must pay no more than 'cost' (direct and indirect) for goods or section 5.35 of AFH 2020.
- 4.52 De minimis - The 'at cost' requirement applies to contracts for goods and services from a connected party exceeding £2,500, cumulatively, in any one financial year of the trust. Where a contract takes the cumulative annual total with the connected party beyond £2,500, the element above £2,500 must be at no more than cost.  
Cost is defined as 'full cost', that is the direct and indirect costs of all the resources used in supplying the goods or services, but **MUST NOT** include any element of profit.
- 4.53 The academy trust must report all transactions with related parties to ESFA in advance of the transaction taking place, using ESFA's on-line form. This requirement applies to transactions made on or after 1 April 2019.
- 4.54 Trusts **must** obtain ESFA's prior approval, using ESFA's on-line form, for contracts for the supply of goods or services to the trust by a related party, agreed on or after 1 April 2019 where the limits set out in section 5.41 of AFH 2020 are exceeded. The supply of services excludes salaries and other payments made by the trust to a person under a contract of employment through the trust's payroll.
- 4.55 The academy trust must ensure that any agreement with a connected party to supply goods or services to the trust is properly procured through an open and fair process and is supported by a statement of assurance from the individual or organisation to the trust confirming the charges do not exceed the cost of goods or services and, following 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 Headteacher should formally approve all connected party transactions. Transactions should not be approved by the person who has declared an interest in the connected party.
- 4.56 For organisations supplying legal advice or audit services to the academy trust, the 'at cost' requirement only applies where the organisation's partner directly managing the service is a member or trustee of the trust, but **not** in other cases. The ethical standards for auditors prevent partners or employees of the audit firm from acting as a trustee of their client trust, but not of other trusts.
- 4.57 The 'at cost' requirement does not apply to the trust's employees unless they are also a connected party as defined in the AFH
- 4.58 Should any connected parties as defined in AFH, be based in, or work from the academy trust's premises, an appropriate sum must be charged for use/occupation of the premises where they are carrying out work that is **not** for the trust.
- 4.59 Additionally, salaries paid under contracts of employment should be appropriate to the individual's skills and experiences and to the salary rates paid in the wider market.

## 4.6 Business Continuity

- 4.61 The School Business Manager must prepare a disaster recovery / business continuity plan to cover any actual loss of, or loss of access to, accounting facilities or financial data, which should then form part of the school's overall business continuity plan. This should link in with the annual assessment made by governors of the major risks to which the school is exposed and the systems that have been put in place to mitigate those risks.
- 4.62 The academy must have an up to date Operations Procedure Manual to cover the event of absence of key personnel in the finance/administration team. The manual should be accessible to all staff members.

## 4.7 Internal Controls

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body
- regular reviews by the FPPC of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes including reporting on trading activities
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines, including value for money
- delegation of authority and segregation of duties
- identification and management of risks
- a process for independent checking of financial controls, systems, transactions and risks

### 4.71 Responsibilities

- 4.72 The School Business Manager is responsible for carrying out monthly bank statement reconciliations for all bank accounts within one week of receipt. All discrepancies are to be investigated immediately and reported to the Headteacher and, if appropriate, the bank.
- 4.73 The School Business Manager is responsible for completing the monthly VAT returns in the prescribed format and forwarding them to the HMRC.
- 4.74 The School Business Manager is responsible for periodically checking the following (at least once per term, ideally once per month), and signing and dating to confirm that the checks have been made:-
- i. All payments made to suppliers have been correctly authorised
  - ii. No payments have been made that could be classed as 'fee payments' to individuals without completing the necessary checks to confirm self-employed status & compliance with IR35 regulations
  - iii. Income received by the academy can be traced from source to financial system entry and bank statement
  - iv. Bank account reconciliations are being completed each month for **all** academy bank accounts
  - v. The funding budget entered on the academy's financial accounting system is reconciled promptly to the sources of income, i.e. ESFA statement of funding

- vi. VAT returns are being submitted on time
- vii. Petty cash reconciliations are being completed
- viii. Direct debit and standing order arrangements are appropriate and have been correctly authorised
- ix. Individual staff salary payments are reconciled to the employee's contract on a regular basis (at least each term)
- x. Review of Listing payroll report to ensure that all salary payments have been made to current employees
- xi. All balance sheet accounts i.e. Creditors, Debtors, control accounts are reconciled each month.

## 4.8 Separation of Duties

It is the responsibility of the Headteachers responsibility to ensure that key financial duties are properly separated between individuals. Functions to be separated between staff will include:

- i. Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee.
- ii. Authorisation – the authorisation of transaction such as a purchase order and the payment.
- iii. Payment – the raising of cheques / BACS and cheque / BACS signatories.
- iv. BACS payments – Creation and amendment of Supplier bank details must be double checked.
- v. Custody – the holding of goods and services.
- vi. Recording – the completion of the accounting records
- vii. Post transaction management checking– reviewing previous transactions to identify errors or intentional manipulation
- viii. Income collection process must adhere to the regulations laid out in section 10 of this document, including appropriate separation of duties.

## 5. ACCOUNTING SYSTEM

### 5.1 Introduction

All the financial transactions of the academy must be recorded on the academy's financial accounting system (FAS) - PSF. The FAS is operated by the Finance Department and consists of:

- Journals
- Nominal Ledger
- Transactions
- Purchases Ledger
- Sales Ledger
- Accounts Summaries

### 5.2 System Access

- 5.21 The academy must be registered under the Data Protection Act.
- 5.22 Entry to the FAS system is password restricted and the School Business Manager & Finance Manager is responsible for implementing a system which ensures that employees' passwords are changed at least every 3 months.

- 5.23 The password for each user will be written down and kept in separate sealed envelopes in the academy safe which should carry the date reference of the last password change.
- 5.24 The School Business Manager is responsible for allowing access by designated employees to authorised levels only.

### **5.3 System Back-up Procedures**

- 5.31 The School Business Manager is responsible for ensuring that there are effective back up procedures for the system. Data should be copied onto removable medium and the copies stored in a secure place in a fireproof and water resistant container away from the server or on secure online back-up systems. Back-ups should be done daily and additional ones considered before major financial procedures are applied to the financial accounting system, i.e. at year end.

### **5.4 Transaction Processing**

- 5.41 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.
- 5.43 Bank transactions should be input by the Finance Manager and the input should be checked, and signed to evidence this check, by the Headteacher.
- 5.44 Detailed information on the operation of the FAS (PSF) system can be found in the user manuals held in the Finance Office.

### **5.5 Transaction Reports**

The School Business Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- Master file amendment reports for the payroll, purchase ledger and sales ledger
- Trial balance
- Management accounts summarising expenditure and income against budget at budget holder level, i.e. cost centre summaries.

### **5.6 Reconciliations**

- 5.61 The School Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- sales ledger control account
  - purchase ledger control account
  - payroll control account
  - VAT control account
  - all suspense accounts
  - bank balance per the nominal ledger to the bank statement



- purchase card control accounts
- monthly budget monitoring

5.62 Any unusual or long outstanding reconciling items older than 6 months must be brought to the attention of the Headteacher. The Headteacher will review and sign all reconciliations as evidence of the review.

## 6. FINANCIAL PLANNING AND REVIEW

The academy prepares both medium term (3 years) and short-term financial plans. The medium-term financial plan is prepared as part of the development planning process. The Development Plan indicates how the academy's educational and other objectives, will be achieved within the expected level of resources over the next three years and provides the framework for the annual budget. The trust is responsible for the maintenance of its assets and as such the Asset Management Plan forms part of the Development Plan whether it is fully incorporated or a separate document. The board of Directors are aware they should refer to the DfE's material on improving school resource management and good estates management guides as per section 2.14 of the AFH 2020.

The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year. The development planning process and the budgetary process are described in more detail below:

The trust must select key financial performance indicators and measure its performance against them regularly, monthly. As per section 2.22 of the AFH 2020

### 6.1 Development Plan

6.11 The development plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated. The form and content of the development plan are matters for the academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the ESFA.

### 6.12 Development Planning Cycle

Each year the Headteacher will propose a planning cycle and timetable to the Governing Body which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives - "are the aims still relevant?"
- development of the plan and associated budgets - "how do we go forward?"
- implementation, monitoring and review of the plan - "who needs to do what by when to make the plan work and keep it on course" and feedback into the next planning cycle - "what worked successfully and how can we improve?"
- the timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Headteacher.

### 6.13 Development Plan Content

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

#### **6.14 Development Plan Monitoring**

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an academy manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the Governing Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

#### **6.2 Annual Budget**

- 6.21 The School Business Manager is responsible for preparing (in conjunction with the Headteacher) and obtaining approval for the annual budget. The budget must be approved by the Board of Directors and that approval must be minuted.
- 6.22 The approved budget must be submitted to the ESFA in accordance with their published deadline each year and the School Business Manager responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 6.23 The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources in order to document an integrated approach to curriculum and financial planning.
- 6.24 Detailed records will be kept of all information used in preparing the budget including estimation of staffing requirements and calculations of all costs cross referenced to any assumptions made.
- 6.25 The annual budget will be profiled to facilitate a cash flow estimate for each month.

#### **6.3 Budget Planning**

- 6.31 The budgetary planning process will incorporate the following elements:
- realistic forecasts of pupil numbers to estimate the amount of ESFA grant receivable;
  - review of other income sources available to the academy to assess likely level of receipts;
  - review of past performance against budgets to promote an understanding of the academy cost base;
  - identification of potential efficiency savings;
  - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes;
  - an integrated approach to curriculum financial planning;
  - consideration of asset management plans and surveys;
  - ensuring that the academy has budgeted business plans in place for all trading activities e.g. catering, uniform sales etc. The business plan should clearly show the anticipated operating surplus or deficit. If a subsidy is required from the budget to cover a budgeted deficit, then this must be formally approved by the Governing Body and recorded in the minutes of the meeting at which it was discussed and agreed. All budgeted business plans should be clearly linked to the Academy Development Plan.

## **6.4 Balancing the Budget**

- 6.41 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance.
- 6.42 The board of Directors must approve a balanced budget, and any significant changes to that budget (virements) for the financial year, which can draw on unspent funds brought forward from previous years. The board must minute their approval of the original budget and all subsequent virements.
- 6.43 If a deficit is expected, after having reviewed all possible avenues, i.e. cuts and redundancies, and taking into account unspent funds from previous years, the board of Directors must contact the ESFA within 14 days for further instruction before setting a deficit budget.
- 6.44 If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. It is important that, if the trust has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils, including long-term capital projects.

## **6.5 Finalising the Budget**

- 6.51 Once the different options and scenarios have been considered, a draft budget should be prepared by the School Business Manager for approval by the Headteacher, the FPPC and the Board of Directors. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 6.52 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.
- 6.53 The budget must be approved by the Board of Directors. Once approved, the budget should be submitted to the ESFA in the form specified in section 2.15 of AFH 2020, promptly loaded on the academy's financial accounting system and "fixed" as at the approval date. Any subsequent changes to the budget (virements, including changes to funding) should be in accordance with Section 2.3
- 6.54 A copy of the signed budget plan should be placed in the Board of Directors' minute file and a further copy retained by the Headteacher.
- 6.55 Budget holders will be informed of the budget available to them as soon as the budget is approved. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

## **6.6 Budget Monitoring and Review**

The trust must prepare monthly management accounts detailing its financial performance and current position which must include the following:

- Income and expenditure account
- Variation to budget report
- Cash flow
- Balance sheet

These accounts must be shared with the chair of Directors every month and with other Directors six times a year. They must be considered by the full board of Directors at each meeting, who must ensure appropriate action is being taken to maintain financial viability including addressing variances

between budget and actuals. Where the board has concerns about financial performance it should act quickly ensuring the trust has adequate financial skills in place.

- 6.61 Monthly reports will be prepared by the School Business Manager. The actual income and expenditure against budget reports will be system generated in detail for budget holders and at a summary level for the Headteacher and the FPPC. Other reports, such as the balance sheet and cashflow will either be system generated or in a format that can easily be reconciled to system generated reports.
- 6.62 A narrative report (variation to budget report) should accompany the system reports, including reasons for significant variances against budget and with a forecast of income and expenditure to the year end.
- 6.63 Any potential overspend against the budget must in the first instance be discussed with the FPPC minutes. The accounting system may be set up to not allow payments to be made against an overspent budget without the approval of the Headteacher
- 6.64 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. If a budget overspend is forecast, budget virements must be reported to the FPPC in accordance with Section 2.3.
- 6.65 The academy's reconciled bank statement/s should be updated and presented to the FPPC quarterly and more often when there are significant overspends. The trust's bank accounts must not go overdrawn.
- 6.66 If financial monitoring reports are given in a non-system format, i.e. spreadsheets or user defined reports, then they will be reconciled with a system generated report. A nominated director must be appointed to perform this reconciliation and minutes must record its satisfactory completion. This gives governors clear assurance that the information being reported is a true reflection of that held on the accounting system.
- 6.67 Trading accounts to cover specify activities, i.e. catering / breakfast club will be produced and presented to the FPPC on an annual basis. The trading account will clearly identify purchases, contract payments to providers, other associated costs, stock balances and the operating surplus or deficit.
- 6.68 Reports on Capital projects will be produced and presented to the FPPC on a termly basis. The report will clearly identify any variances against budget, especially changes in costs, and with a forecast of income and expenditure to project completion.severance

## **6.7 Financial Returns**

- 6.71 The School Business Manager will be responsible for ensuring that all financial transactions are recorded on the academy's financial accounting system in accordance with the guidelines issued by the ESFA.
- 6.72 The School Business Manager will be responsible for ensuring that Value Added Tax (VAT):
- is correctly accounted for on the academy's financial accounting system in accordance with ESFA and HMRC requirements
  - is properly and promptly claimed on a monthly basis and supported by relevant system reports and documentation to facilitate HMRC inspection and external audit.
- 6.73 The School Business Manager will be responsible for preparing all the financial returns required by the ESFA including Budget Forecast, Budget Forecast Return: Outturn, Annual Accounts, Accounts Return (AR), etc. and other organisations whose funding is linked to conditions of spending. All returns will be completed in the required timescales.

- 6.74 In order to give a true and fair view the financial statements for the annual accounts must be prepared according to the requirements of the Companies Act 2006 and Regulations made under the Act, and applicable United Kingdom accounting standards. Academy Trusts must also prepare their accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (revised) ('the SORP'). They must also be prepared in accordance with the accounting policies agreed by the Academy Trust's governing body. A copy of the SORP together with accompanying information sheets, other Charity Commission guidance and legislation are available to view and download from the Charity Commission website.
- 6.75 The Board of Directors is responsible for approving the academy's annual accounts and annual report and ensuring the annual accounts are audited and submitted to the ESFA by the required deadlines. Details of the all financial information required are as set out in the latest Accounts Direction for the year being reported.
- 6.76 In addition to submitting accounts to the ESFA, under section 442 (2a) of the Companies Act 2006, accounts must be filed with Companies House within 9 months of the end of the accounting period. However, where an academy trust is preparing accounts for its first period after incorporation and is preparing them for a period of greater than 12 months, then under section 442 (3) of the Companies Act 2006 the accounts must be filed within 21 months of incorporation, or within 3 months of the end of the accounting period, whichever is the latter.
- 6.77 A copy of the annual report and audited financial statements must be sent to the companies' registrar on a timely basis and the registrar will levy an automatic penalty of at least £150 if accounts are filed late.
- 6.78 The Companies Act 2006 requires the academy to publish its Annual Accounts and Annual Report. This will be done via the academy trust's website by the end of January following the financial year to which the accounts relate as per AFH section 8 Schedule of requirements and section 4.4 AFH 2020
- 6.79 The ESFA's Financial Management and Governance Self-Evaluation (FMGS) return must be completed by all new academy trusts within the published deadline. Some new constituent academies may agree an alternative method of providing assurance in accordance with the guidelines contained in the FMGS template.

#### 6.80 **School Resource Management Self-Assessment Tool (SRMSAT)**

The trust will complete the school resource management self-assessment tool (SRMSAT) annually. The Board of Directors /FPPC will review the findings from the dashboard including preparing an action plan where necessary. The completed checklist plus dashboard will be submitted to the ESFA by the published deadline. Section 6.8 AFH 2020.

## 7. PAYROLL AND PERSONNEL PROCEDURES

### 7.1 **Staff Appointments**

- 7.12 Staff appointments will be authorised in accordance with Section 2.2
- 7.13 All new starters, leavers and changes will be uploaded to the payroll providers portal and actioned as requested. Pay will be agreed in line with the Local Authority pay structure and locally agreed terms and conditions.

### 7.2 **Setting executive pay**

- 7.21 The board of Directors must follow a robust evidence-based process when making decision about levels of executive pay, which includes salary and any other benefits; the individuals concerned must not be involved in this process. The levels set must be a reasonable and defensible reflection of the individual's role and responsibilities as the number of employees whose benefits exceed £100k must be published on the trusts website.
- 7.22 The board of Directors must ensure its approach to pay and benefits is transparent, proportionate, justifiable and conflicts of interest are avoided. It is the responsibility of the School Business Manager to make sure all decisions are clearly recorded and all the relevant documentation is retained and held filing cabinet.

### **7.3 Payroll Administration**

- 7.31 The academy's payroll is administered by the London Borough of Barking & Dagenham. Access to the system reports are password controlled. Password control procedures and back up arrangements are described in section 5.2.
- 7.32 Details of how to update the monthly payroll on the academy's financial accounting system or payroll system or via the payroll provider are contained in the payroll manual/online.

### **7.4 Payroll Process**

- 7.41 All staff are paid monthly via BACS through LBBB- A master file or personnel data file is created at and kept at LBBB for each employee which records:
- salary;
  - bank account details;
  - taxation status;
  - personal details and
  - any deductions or allowances payable.
- 7.42 All amendments to pay including overtime, additional hours, contract changes, appointments and terminations must be documented using the required paperwork by the HR and Payroll providers and authorised by the Headteacher. Each month all relevant information is provided to the Payroll provider, in a timely manner, to meet the deadlines for both the mid-month and end of month pay runs. Information provided to Payroll Provider should be undertaken by the SBM. Before the payroll is processed a file of all data input should be obtained and this should be checked against source documentation by the SBM and then reviewed and initialled by the Headteacher (and Chair of Directors for Headteacher's payroll
- 7.43 Any payroll transactions relating to the Headteacher must be authorised only by the Chair of Directors.
- ### **7.5 Payroll Returns**
- 7.51 The Academy will ensure that details of sickness and other absences will be authorised and notified to the payroll provider for processing on a monthly basis, using the Oracle system
- 7.52 Each month all relevant information is provided to the Payroll provider, in a timely manner, to meet the deadlines for both the mid-month and end of month pay runs. Information provided to Payroll Provider

7.53 The academy must ensure that senior officers' payroll arrangements fully meet tax obligations and comply with HM Treasury's guidance regarding employment and contract arrangements of individuals on the avoidance of tax. Senior managers should be paid exclusively through payroll, subject to PAYE and NI contributions deducted at source.

7.54 It is the School Business Managers responsibility to complete and submit the relevant returns to the Teachers Pension Agency and the Local Government Pension department, monthly and annually as required.

## **7.6 Payments and Control Checks**

7.61 After the payroll has been processed but before payments are dispatched, a file of salary payments by individual and showing the amount payable in total should be obtained from the system. The file must be reviewed and authorised together with authority to release payment by the School Business Manager and the Headteacher evidenced via personal electronic authorisation.

7.62 The LBBB Payroll should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and electronically signed by the Headteacher.

7.63 The payroll provider's system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and BACS payments for these amounts should be prepared by the LBBB Payroll provider and authorised for payment by the School Business Manager and the Headteacher (or other authorised cheque / BACS signatory if one is unavailable) by the due date.

7.64 The School Business Manager should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

7.65 After the payroll has been processed the nominal ledger will be updated by the system. Postings will be made both to the payroll control account and to individual cost centres via a journal. School Business Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

7.66 On an annual basis the School Business Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment/offer letter held on the personnel file in the Headteacher's office.

## **7.7 Retention of Records**

7.71 Payroll records should be kept for 6 years plus current.

7.72 Pension records must be retained for 40 years.

7.73 All other records must be retained in accordance with current DfE / HMRC / Insurance guidelines.

## **8. PURCHASING AND PAYMENT PROCEDURES**

The Academy Trust strives to achieve the best value for money from all purchases, which means getting what we need in the correct quality, quantity and timescale at the best price possible. A large proportion of purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the

contractual relationships of the Academy

- **Accountability**, the Academy is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness**, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

Procurement advice for academies is available from the Department for Education's website:

<http://www.education.gov.uk/schools/leadership/typesofschools/academies/open/a00205176/procurementresource>

The Directors will include information on how the academy has achieved Value for Money annually as part of the financial accounting statements.

The trust's funds will not be used to purchase alcohol for consumption.

## 8.1 Routine Purchasing

Budget-holders will be responsible for requesting the purchase of items or services from their own budgets. This will be done by the appropriate budget-holder notifying the Headteacher/Deputy Headteacher of his or her requirements via an Internal Order Form.

8.11 On receipt of the Internal Order Form the Headteacher will determine that the appropriate budget has sufficient funds to meet the order. Where sufficient budgeted funds are identified, the Finance Manager will raise an official sequentially numbered Purchase Order and post it to the FAS (PSF). Internal Order Forms will be kept in a file in the Finance Office.

8.12 Orders are to be authorised by the relevant person in accordance with Section 2.13. Paper copies of official orders will be kept in numerical sequence in a file in the Finance Office. Where appropriate, a copy of the official order will be sent to the budget-holder.

8.13 Any urgent order that is placed verbally should be entered onto the accounting system as soon as possible so that a purchase order can be setup to register the financial commitment. An Internal Order form should be used to notify the Finance Manager so that a commitment may be raised. It is not acceptable to wait until the invoice/ delivery note is received before entering a commitment onto the accounting system.

8.14 All invoices should be sent to the Finance Office and will be checked against the original order for accuracy (and delivery notes where appropriate) and entered promptly on the Academy's financial accounting system.

8.15 The cheque / BACS signatories are any two from the following:-

- Headteacher
- Deputy Headteacher
- Chair of Directors

For Bacs over £70,000 authority from the Chair of Directors must be obtained. For any cheque having a value of £10,000 and above then one of the signatures must be the Chair of Directors.

8.16 The School Business Manager has control of the cheques / BACS and must ensure that:

- where continuous cheque stationery is used, the approved format is complied with;
- all cheques are securely stored and properly accounted for;
- cheque / BACS run / remittance reports are kept on file and are signed by at least one cheque signatory to confirm an unbroken sequence of numbers;
- all cheques are entered correctly and promptly on the financial accounting system;



- spoiled cheques are marked as cancelled and retained;
- blank cheques are not pre signed;
- minimum remaining cheque levels are established with the bank.

- 8.17 The School Business Manager must ensure that all prime records are retained for six financial years plus the current year and are stored in a secure and logical manner.
- 8.18 If discounts are available for prompt payment, then payments can be made immediately, having taken into account any loss of interest that might arise. If not, cheques / BACS will be issued in accordance with the trading terms of the individual contractor or supplier. Due regard must be taken of the 'Late Payment of Commercial Debts Regulations 2002'.
- 8.19 Faster Payments (if available through the bank) may be used where there is a need for an urgent payment to be made direct to the supplier who must provide an invoice; both the invoice and the actual payment must be authorised in accordance with the Scheme of Delegation. A paper copy of the transaction must be kept on file and signed by at least one authorised signatory.
- 8.191 A copy of the computer-generated remittance advice relating to the cheque/BACS/Faster payment will be affixed to the original invoice, both of which will then be filed with the official order or filed in alphabetical order of supplier (in numerical sequence of payment). Original invoices must be marked "paid" to ensure duplicate payments are not made, together with details of the cheque number or BACS/Faster Payment reference, date sent etc. (a suggested format of a rubber stamp type "grid-marking" is shown below).
- 8.192 Copy invoices are not to be paid unless exhaustive checks have been performed to confirm that payment has not previously been made. References back to the original order are to be made in every case. Once the checks have been made, the invoice should be signed to confirm this and endorsed "copy invoice not previously passed for payment".
- 8.193 Pro forma invoices can be paid, but the VAT cannot be claimed until the actual VAT invoice has been received.
- 8.194 Under no circumstances are payments to be made against supplier statements.
- 8.195 For any order or purchase which is estimated to be less than £5,000 in value, for the supply of goods, materials or services, the budget holder must follow the Academy's Best Value policy (if there is one),
- 8.196 Amounts between £5,000 and £50,000, will be subject to the receipt of at least 3 competitive quotations. Documentary evidence of the various quotations must be obtained and attached to the purchase order and appropriately authorised. Where a quotation other than the lowest is accepted, the reasons (in line with the Trusts best value policy if there is one) for its acceptance must be documented, attached to the purchase order, and reported to the Board of Directors. All decisions made must be recorded in the minutes of that meeting for future reference.
- Where a purchase is completed through the Crown Commercial Service, the academy is not required to obtain alternative competitive quotes.
- 8.197 Approval of contracts over £50,000 will only be made after following the tendering procedure as set out in Section 9.

## 8.2 Internet Purchases

At all times, the same rigour of internal control must be placed on internet purchases as is normally applied to standard procurement with regard to separation of duties, authorisation controls and independent management checking.

- 8.21 The School Administration Team will be authorised to place online purchases. Requests should be made to the School Business from the budget holder in the normal manner an official order should be raised on the financial accounting system and authorised by the Headteacher.
- 8.22 It is the responsibility of the budget holder to ensure the internet is the most appropriate means for procurement. Where possible the official order number should be quoted on the internet order as a cross reference.
- 8.23 The internet order must be raised in the name of the Academy with the Academy's address, not to an individual and must be delivered to the Academy, in order to comply with the legal requirements surrounding ownership of goods and HMRC regulations.
- 8.24 The preferred method of payment for internet purchases will be the request of an invoice from the supplier, which can be paid via the Academy's normal payment route. If the supplier is unable to supply an invoice in advance, the [insert job title Finance Director ] will be authorised to use the Academy's purchase card make payment (the same rules for card authorisation apply ) The Academy's purchase card details must NEVER be stored on internet sites, even when future purchases are likely to occur.
- 8.25 Payment by an individual's personal credit/debit card should only be considered when the above options have been exhaustively attempted and failed. The correct authorisation procedure for purchases should still be adhered to and the Academy retains the right to refuse to reimburse the individual if the Academy's procedures are not followed. Reimbursement to individuals should be made in the normal manner upon production of an original invoice/receipt.
- 8.26 Supplier invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system. This is especially important if the Academy is to recover any VAT element.
- 8.27 All purchases should only be made from secure websites that the School Business Manager/Finance Manager has gained reassurance they are safe and free from fraudulent activity.
- 8.28 The use of online auction websites is not recommended. However, in order to comply with best value principles, if any such website is used prices should be compared taking into account whether or not VAT can be reclaimed. If the supplier on the auction website provides VAT invoices, they should be set up as a direct supplier on the finance accounting system in order to reclaim the VAT.

### **8.3 Petty Cash**

- 8.31 The academy maintains a maximum cash balance of £250. The cash is administered by the Office Team and is kept in the Finance office safe.
- 8.32 The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.
- 8.33 In the interests of security, petty cash payments will be limited to £15. Higher value payments should be made by cheque directly from the main bank account as a cash book payment.

- 8.34 All purchases made through petty cash, regardless of size, should be pre-authorised by the Headteacher. Purchases made by the Headteacher must be pre-authorised by the Chair of Directors.
- 8.35 All payments made must be supported by VAT receipts for the goods purchased, along with an appropriate voucher signed by the member of staff receiving the cash.
- 8.36 The School Business Manager is responsible for entering all transactions into the petty cash records on a regular basis.
- 8.37 The insert School Business Manager will be responsible for reconciling the petty cash account each month. The reconciliation will involve matching cash in hand, plus the value of receipts and vouchers received for claims made against the imprest value.
- 8.38 Unannounced cash counts should be undertaken by the School Business Manager to ensure that the cash balance reconciles to supporting documentation.
- 8.39 Petty cash should be held in a locking cash box which is put in the safe overnight.

#### **8.4 Purchase / Debit Cards**

- 8.41 Purchase/debit cards may be issued by the academy to key staff members to purchase items for the academy instead of using petty cash.
- 8.42 Purchase/debit cards must be issued in the academy's name. Individual cardholders may have their own spending limits, which must be shown in the Scheme of Delegation.
- 8.43 When the purchase/debit card is not in use it should remain in the safe.
- 8.44 All purchases made with the purchase/debit card, regardless of size, should be pre-authorised by the Headteacher. Purchases made by the Headteacher must be pre-authorised by Board of Directors.

All purchases made using a purchase/debit card must be authorised in the same way as any other purchase. An official order should be raised and a commitment entered onto the FAS prior to the purchase being made.

In addition to the approval of individual purchase card expenditure items, all purchase/debit card statements should be reviewed and appropriately approved. If a purchase/debit card is used for personal expenses, this should be in accordance with the academy's Expenses policy.

- 8.45 Purchase receipts will be returned from card users to the Finance Manager as soon as is practically possible and retained on file.

VAT receipts must be obtained where possible for the goods purchased, and the VAT receipt retained on file.

- 8.46 A direct debit will be setup between the bank and purchase card provider to clear the monthly balance in full.
- 8.47 The School Business Manager will reconcile receipts on a monthly basis against purchase/debit card statements and subsequently against the direct debit charge. Any discrepancies should be investigated.

## 8.5 Lease Agreements

- 8.51 The Trust may only enter into operating leases without the need for ESFA prior approval, except for some transactions relating to land or buildings.
- 8.52 Academy trusts must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following leasing transactions as per section 5.25 of AFH 2020
- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
  - taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of seven or more years
  - granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party, pursuant to the obligations on the academy trust in the Academies Act 2010.

- 8.53 The Academy will consider the following when taking out / renewing lease agreements:

The DfE and the National Association of School Business Management has produced some useful Tips for Successful Leasing in Schools.

<http://media.education.gov.uk/assets/files/pdf/p/tips%20for%20successful%20leasing.pdf>

- Schemes that include 'cashback' or 'free' or subsidised equipment / goods should be avoided.
  - Leasing agreements will only be made where the financial arrangements are such that they benefit the Academy and the FPPC have given their approval.
  - For leases above £10,000 over the term of the lease, approval must come from the Full Board of Directors **before any lease is signed**.
  - Any item procured under a lease arrangement must be in line with the Academy's Best Value statement
  - Once approval has been given, lease agreements should be signed by the Headteacher on behalf of the Directors.
  - The Headteacher will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals. Some agreements will require the academy to give notice of termination even though an expiry date has been specified (check the small print).
- 8.54 Any lease entered into by the Academy Trust must meet the following criteria:
- Ownership of the asset must remain with the leasing company and there is no option for the Academy to purchase the asset at any time;
  - Any extension of the lease must be at open market values;
  - The Academy will not benefit from any sale proceeds of the asset;
  - The termination value of the lease is equal to or exceeds 10% of the value of the asset at the commencement of the lease.
- 8.55 The trust must ensure that any lease arrangement maintains the principles of value for money, regularity and propriety, whether or not the ESFA's prior approval is required as per section 5.27 of AFH 2020.

**Trusts that are in any doubt as to whether or not any particular lease involves an element of borrowing should take advice from a professional.**

## **8.6 Contracts**

The academy should maintain a separate register and spreadsheet documenting all of its current contracts. All contract documentation should be kept on file.

### **8.6.1 Contract Renewal**

The academy should have a process in place to review contracts in advance of each contract's notice period, in order to ensure best value is achieved.

Annual contracts over £5,000 should be reviewed every year. All contracts whose term is greater than one year should be reviewed in advance of each contract's notice period.

## **8.7 Novel, contentious and repercussive transactions**

8.7.1 Novel payments or other transactions may arise where the academy has no experience or are outside the range of normal business activity for the trust.

8.7.2 Contentious transactions are those which might give rise to criticism of the trust by Parliament, and/or the public, and/or the media.

8.7.3 Repercussive transactions are those which are likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

8.7.4 The trust must always refer novel, contentious and/or repercussive transactions to the ESFA for explicit prior authorisation as per section 5.43 of AFH 2020

## **9. TENDERING PROCEDURES**

### **9.1 Introduction to Tendering**

9.1.1 Approval of contracts over £50,000 will only be made following the academy's tendering procedure. If the academy undertakes a high-value or EU-Qualifying purchase an Invitation to Tender will need to be issued as part of the process. An Invitation to Tender (ITT) is a pack of documents sent out to potential suppliers inviting them to submit a bid.

9.1.2 For more specialist or complex works and purchases, the academy may choose to appoint a professional third party to carry out the tender process on their behalf (i.e. consultant, architect etc.). If a third party is used, it is expected to apply these regulations with the same rigour and ensure that the principles of the Office of Government Commerce (OGC) Procurement Policy and Standards Framework are adhered to.

9.1.3 Contracts for supplies and services whose values equal or exceed €221,000 Euros and for works whose values equal or exceed €5,548,000 Euros, are subject to further requirements as per the Public Contracts Regulations 2015. Such contracts require advertisement in the Official Journal of the European Union (OJEU). This is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation must be published. These thresholds are net of VAT. Further advice may be found on the following websites:

[www.education.gov.uk/schools/adminandfinance/procurement/b0069810/buying-basics/purchasing/ojeu](http://www.education.gov.uk/schools/adminandfinance/procurement/b0069810/buying-basics/purchasing/ojeu)

[www.ojec.com/Default.aspx](http://www.ojec.com/Default.aspx)

## 9.2 Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated and the 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 School Business Manager 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 are 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 academy'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 is 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.

## 9.3 Preparation for Tender

Full consideration should be given to the objective of project, overall requirements, technical skills required, after sales service requirements and 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.

## 9.4 Invitation to Tender

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

9.4.2 An invitation to tender should 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, including evaluation criteria
- form of response.

(In all instances the DFE 'find a tender service' will be utilised.)

## 9.5 Aspects to Consider

### 9.51 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

### 9.52 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.

### 9.53 Other Considerations

- Pre sales demonstrations
- After sales service, warranties
- 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

## 9.6 Tender Instructions

The invitation to tender should state the date and time by which the completed tender document should be received by the academy. 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.

## 9.7 Tender Opening Procedures

9.7.1 All tenders submitted should be opened at the same time and the tender details recorded. 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.

9.7.2 Two people should be present for the opening of tenders as follows:

- For contracts up to £50,000 - two of the budget holder, the School Business Manager ,the Headteacher;
- For contracts over £50,000) - either the School Business Manager or the Headteacher plus a member of the FPPC.

Where the tender process is being managed by a professional third party the two people present for the opening of tenders may be representatives of the third party rather than the academy.

## 9.8 Tendering Evaluation and Acceptance

- 9.81 The Board of Directors has set a minimum requirement of 3 tenders for fair evaluation purposes and in the interest of achieving best value. In any consideration of less than that number being received, the Board of Directors should consider whether this is sufficient and consider re tendering. Decisions to go ahead should fully document the justification.
- 9.82 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.
- 9.83 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.
- 9.84 Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared for the FPPC highlighting the relevant issues and recommending a decision. For contracts under £50,000 the decision and criteria should be reported to the FPPC.
- 9.85 Where required by the conditions attached to a specific grant from the DfE / ESFA, their approval must be obtained before the acceptance of a tender.
- 9.86 The accepted tender should normally be the one that is economically most advantageous in terms of best value to the academy that meets all the requirements. All parties should then be informed of the decision. Where a tender other than the lowest has been accepted, the reasons for its acceptance must be documented and reported to the Governing Body. All decisions made must be justified and recorded as such in the minutes of that meeting for future reference.
- 9.87 A copy of the tender documentation should be held on site for easy reference as required.
- 9.88 Acceptance of any tender will be confirmed to the contractor in writing and no work shall be started until this has been done.
- 9.89 Any contracts awarded will include a paragraph to the effect that any contractor will be prohibited from transferring or assigning, directly or indirectly, any portion of the contract to any other person or contractor, without the written permission of the Governing Body.

## **10. INCOME**

### **10.1 General**

- 10.11 The sources of income for the academy are the grants from the ESFA , LBD and from, students (academy trips / events) and fundraising and donations. It is the responsibility of the School Business Manager to ensure that all income due to the academy has been received, banked and that all income due to the academy is collected and reconciled to its financial accounting system.
- 10.12 All physical income (cash/cheque) received should be recorded immediately on a Daily Income Collection Record and entered onto the academy's financial accounting system. The collection record should contain details of the income: the date the payment is received, the name of the person / organisation making the payment, what the income is for (ie. title of trip / charity collection / donation), the amount received and the method, i.e. cash or cheque and the number of the receipt issued where applicable.

Where physical income (cash / cheque) is collected for a class activity such as a trip / sponsored event, the individual pupil's income amounts should be recorded promptly against the appropriate activity; this can be done by entering into the online payment recording system (if applicable) or



immediately on a Class Activity Income Collection Record and then entered onto the school's financial accounting system. The collection record should contain full details of the income as above

- 10.13 All income received by the academy should be banked at a minimum of weekly and **in full**. The insurance policy cover for cash and cheques held on site must not be exceeded. However, if a high level of income is expected e.g. proceeds from a fete, the insurer must be informed to obtain additional short-term cover, and the income must then be banked as soon as is practicable.
- 10.14 Personal cheques should never be cashed.
- 10.15 When income is banked the collection record must be totalled in value in order to provide a clear cross reference to the value entered on the bank paying in slip. The bank paying in slip number should then be entered onto the income collection record to assist in providing a clear and simple audit trail.
- 10.16 When banking money received (either cash or cheques) the bank paying in slips will be completed in full, clearly showing the split between cash and cheques, and each cheque will be listed separately.
- 10.17 Income received by the academy will be acknowledged to the payer by either i) issue of a receipt when the value of the payment exceeds £50 or through Parent Pay. No category of income should be excluded from the issue of a receipt e.g. academy meals. Copies of receipts issued should be retained for future reference, e.g. to resolve a dispute over payment.
- 10.19 No debts should be written off without the express approval of the School Business Manager for amounts up to £25. The Headteacher may authorise writing off bad debts over this amount. All requests for write offs are to be referred to the FPPC at the next meeting. Write offs exceeding £45,000 will require full Directors and EFSA approval. The ESFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter or above the delegated limits as set out in section 5.18 AFH 2020.

## 10.2 Custody

- 10.21 A weekly log of cash income should be maintained where no other formal documentation exists. All cash and cheques must be kept in the Finance Office safe prior to banking.
- 10.22 Monies collected must be banked in their entirety (intact) in the appropriate bank account. The School Business Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system and related system generated reports, i.e. ParentPay. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the School Business Manager.

## 10.3 Automated payments e.g. Parent Pay.

- 10.31 When setting up a contract with a new supplier for provision of this service, consideration should be given to the following areas:
  - i. Basis of fees payable to the company;
  - ii. Complete audit trail and facility of income reconciliation of totals received;
  - iii. Reminder facilities to chase up overdue amounts.
- 10.32 Any contract for the services of an online parental payment system Service Provider will be reviewed regularly to ensure that the school is getting value for money and that the provider is giving an adequate service. A copy of the contract should be held in school.
- 10.33 Income received as automated payments should be recorded on the schools financial accounting system promptly on receipt of the service provider's notification and reconciled to the relevant entry on

the bank statement. The individual pupil's income amounts should be recorded promptly against the appropriate activity.

#### **10.4 Educational Trips**

Educational trips should be non-profit making. Each educational trip should be budgeted separately to ensure that all costs are covered.

Income and expenditure summaries for trips and activities should be completed and retained on file in order to maintain transparency.

Should a trip be profit making, the surplus will be returned to the families if the amount exceeds £2.00, or if the surplus is below this amount per pupil, it will be allocated to the Educational trips cost centre within the budget.

#### **Manual system (or alternatively see automated system below)**

##### **Automated System**

10.44 The academy uses ParentPay system for recording and collecting payments for trips / events. Families are sent an invoice through the system for the amount due and payment is made through the system. Any outstanding payments are chased and decisions made regarding payment are authorised by the Headteacher.

#### **10.5 Catering / Meals Income**

10.51 Universal Infants Free School Meals apply to all pupils within school. Ant Staff lunch payments are made following guidance in section 10.

When money is held in the Catering Office prior to banking it must be kept in a locked safe overnight.

#### **10.6 Automated Payments**

10.61 When setting up a contract with a new supplier for provision of this service, consideration should be given to the following areas:

- i) Basis of fees payable to the company
- ii) Complete audit trail and facility of income reconciliation of totals received
- iii) Reminder facilities to chase up overdue amounts

10.62 Any contract for the services of an online parental payment system Service Provider will be reviewed regularly to ensure that the academy is getting value for money and that the provider is giving an adequate service. A copy of the contract should be held in the academy.

#### **10.7 Refunds**

In the event of the provision of a paid for service being cancelled, such as breakfast/after-school club, or an educational visit being cancelled, where payment has already been received from parents/guardians, reference must be made to the academy's 'Charges, Refunds and Remissions Policy.'

Where the original payment was made by ParentPay, the refund will be made to the same debit card.

Parents/Guardians must be notified of the procedure that will be followed in order to issue refunds.

## **10.8 Lettings**

- 10.81 The Board of Directors recognises the position of the academy in the local community and that encouragement should be given to the use of the academy premises by outside organisations. The Board of Directors wishes to take every possible care to ensure that all children / young people and others using the academy premises out of academy hours are safe and that they are treated with dignity and respect.
- 10.82 The letting of the academy is the responsibility of the Directors and the administration of the letting is the responsibility of the Academy Office. All hirers will complete the appropriate lettings application form and adhere to the terms and conditions contained in the academy's lettings policy.
- 10.83 The Directors should approve the charging rate structure for lettings. This must be minuted as having been reviewed annually. Abatement of charges can only be made, subject to FPPC approval.
- 10.84 The School Business Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
- 10.85 The Directors are responsible for debt management, the administration of which is the responsibility of School Business Manager

## **11. CASH MANAGEMENT, BANKING AND INVESTMENTS**

### **11.1 Cash Management and Banking**

The School Business Manager is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to delay non-essential payments to cover potential cash shortages.

- 11.11 If significant cash shortfalls have been identified and are unexpected, this should be promptly investigated, ensuring all income due for the period has been received and that expenditure is not irregular. The investigation and its results should be reported to the FPPC for further escalation, If fraud is suspected, the academy's Whistleblowing policy should be followed, including notifying the ESFA if the fraud is above £5,000.  
The trusts must avoid any of its bank accounts becoming overdrawn and therefore breaching borrowing restrictions.
- 11.12 The opening of all accounts must be authorised by the Board of Directors who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds, i.e. Direct Debits and Standing Orders must also be subject to the same level of control.
- 11.13 Transfers between the academy's bank accounts if more than one bank account, should have a suitable narration to facilitate audit trail, especially where online banking facilities are used.

- 11.14 The person authorising the transaction should never execute or record the transaction, that is they should not place the order on the financial accounting system or raise the cheque/BACS payment; however, they can sign the cheque/authorise the BACS payment in accordance with the Scheme of Delegation.
- 11.15 All cheques and other instruments authorising withdrawal (including direct debits and standing orders) from academy bank accounts must bear the signatures of **two** of the following authorised signatories (specify job titles only):
- Headteacher
  - Deputy Headteacher
  - Chair of Directors
  - Chair of FPPC
- 11.16 For any Direct Debit or Standing Order authorisation over £10,000 one of the signatories must be the Chair of Directors and this should be included in the academy's bank mandate.
- 11.17 A current bank mandate for Direct Debits and Standing Orders must be retained on file and the mandated signatories should be consistent with those detailed above.
- 11.18 BACS facilities will form the main payment method with cheques being used only when there is no other option Care must be taken regarding the creation and amendment of Supplier's bank details for BACS payments – see .
- 11.19 The School Business Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- all bank accounts are reconciled to the academy's accounting system
  - reconciliations are prepared by the within one week of receipt;
  - reconciliations are subject to an independent monthly review carried out by the Headteacher or in their absence the Deputy Headteacher
  - adjustments arising are dealt with promptly, i.e. any un-reconciled payments older than six months, and unreconciled receipts older than one month, must be investigated and appropriate action taken and recorded.

## 11.2 Investments

Directors will wish to maximise income as far as possible and must have an investment policy to manage, control and track their financial exposure and ensure value for money. The trust's investments and investment policy must be regularly reviewed.

- 11.21 Where appropriate, a high interest or deposit account will be maintained, in addition to the normal current account. Surplus balances will, as far as possible, be transferred to a high interest or deposit account. Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include the amount of the deposit, split between cash and cheques with cheques listed separately and a reference i.e. receipt number or the name of the debtor.
- 11.22 Investments must be made only in accordance with written procedures approved by the Board of Directors and clearly held in the academy's name. The board of Directors must ensure the investment risk is properly managed. Aspects to consider include:
- objectives
  - risk

- type of investment and term
- academy's financial position
- financial limit for type of investment
- spreading investments between providers to ensure savings are covered by the Financial Services Authority
- security of access
- rate of return
- charges
- business interests of Governors and academy staff
- ethical, social and environmental considerations
- review including review of performance

11.23 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received and recorded on the financial accounting system.

11.24 The board of Directors will follow the Charity Commission's guidance (CC14 Charities and investment matters: a guide for Directors) and will seek ESFA prior approval for investments which are novel and/or contentious.

### **11.3 Borrowing:**

The Secretary of State's normal policy is that academies will only be granted permission for medium and long term borrowing in exceptional circumstances as per section 5.33 of AFH 2020.

11.31 The academy's bank and / or building society must be informed that the accounts must never become overdrawn.

11.32 The academy must seek the ESFA's prior approval for borrowing (including overdraft facilities and finance leases), where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

11.33 Credit cards must only be used for business (not personal) expenditure and balances cleared before interest accrues.

11.34 The trust may enter into limited schemes introduced by the Secretary of State, eg the Department's Condition Improvement Fund for capital projects and the Salix loan scheme designed to support energy saving.

## **12. FIXED ASSETS**

### **12.1 Introduction**

Fixed assets include:

- land including freehold
- buildings including freehold
- equipment
- motor vehicles

12.11 Fixed assets are depreciated as per the academy's depreciation policy.

12.12 The trust must seek prior approval from the ESFA before acquiring a freehold of land or buildings as per section 5.22 of AFH 2020

## 12.2 Fixed Asset Register

12.21 All items purchased with a value over the academy's capitalisation limit of £1,000 must be entered in an asset register. Other attractive items below the limit could be included to assist with insurance claims. The Asset Register helps:

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

12.22 The School Business Manager is/are responsible for maintaining the asset register.

12.23 The asset register should include the following information:

- book value of items transferred in
- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from ESFA grant and % funded from other sources)
- expected useful economic life
- depreciation (incl. brought forward and carried forward)
- current book value
- location
- name of member of staff responsible for the asset
- disposals

12.24 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

12.25 All the items in the register should be permanently marked as the academy's property. If the academy chooses to use an invisible form of marking then the item of equipment must carry a visible reference to the fact that the equipment has been security marked. Items not security marked are potentially not covered by insurance.

12.26 There should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board of Directors. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

## 12.3 Disposals

- 12.31 The trust must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money.
- 12.32 Items which are to be disposed of by sale or destruction must be authorised for disposal by the School Business Manager up to £250, up to £5,000 by the FPPC, over £5,000 by the Board of Directors. Where significant, the items should be sold following competitive tender.
- 12.33 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.
- 12.34 The trust must seek and obtain prior written approval from the ESFA before disposing of the following:
- a freehold of land and buildings
  - heritage assets (as defined in section 5.22 of AFH 2020) where the value is beyond any limits set out in the trust's funding agreement

## **12.4 Assets on Loan**

- 12.41 Items of academy property must not be removed from academy premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back into the academy when it is returned.
- 12.42 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.

## **13. GOVERNORS' / DIRECTORS ALLOWANCES**

### **13.1 Policy and Regulations**

The policy of the Directors in respect of payment of allowances must be openly available to parents and governors. The Board of Directors must consider the payment of allowances annually, and the outcome must be recorded in the minutes.

- 13.11 The Education (Governors' Allowances) Regulations 2003 provide the legal framework for governing bodies to pay 'out of pocket' expenses to their Directors. The DfE guidance which accompanied those regulations states, "It is good practice to pay such allowances as Directors should not be out of pocket for the valuable work they do".
- 13.12 Legitimate allowances include: travel allowances to Board of Directors, Committee meetings or training courses, cost of child-care while attending meetings or training, cost of photocopying / printing papers for governing body business.

### **13.2 Allowance rates**

- 13.21 The Academy will reimburse mileage expenses to Directors for journeys at a rate in accordance with the limitations set out by HM Revenue & Customs.
- 13.22 Rates of subsistence will be paid up to the rates below, will not include claims for alcohol and must be supported by receipts. The same conditions apply as set out in section 2.7 covering mileage and subsistence.

Breakfast	£5
Lunch	£10
Evening Meal	£20

### 13.3 Authorisation

Authorisation of Directors' expenses will be by the Chair of the Directors. Claims by the Chair of the Directors will be authorised by **both** the Vice Chair of Directors and the Chair of the FPPC.

## 14. INSURANCE

- 14.1 The Board of Directors must ensure the academy has adequate insurance cover to support its activities and to comply with statutory requirements, or has opted into the academies risk protection arrangements (RPA) as per section 2.40 of AFH 2020. The academy trust must note that not all risks are covered by the RPA (eg. motor vehicles).
- 14.2 The trust should consider opting into the RPA unless commercial insurance provides better value for money. If the trust does not opt into the RPA, the Directors must determine the level of cover to include the following:
- buildings and contents of the academy, in accordance with normal commercial practice or under the terms of any leases held by the academy, against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks, and theft.
  - business continuity, for example to provide alternative temporary accommodation (suggested minimum cover £10m):
  - employer's and public liability cover against the governors' responsibility for injury or illness of staff of third parties, or damage to third party property (suggested minimum cover £50m each);
  - cover required by statute for vehicles operated by the academy.
- 14.3 Other insurance cover to be arranged should include:
- libel and slander
  - cash in transit
  - personal accident
  - fidelity guarantee
  - off-site activities insurance, covering comprehensive travel risks for official trips and activities taking place off site



- insurance for hirers
- cover for extra costs arising from a major disaster or tragedy over and above normal business interruption provision such as counselling services for pupils
- staff sickness insurance
- engineering inspection contract to cover statutory inspection requirements relevant to lifts, boilers, air receivers and fume cupboards etc.

This list is not exhaustive.

- 14.4 It is the responsibility of the School Business Manager to arrange and renew insurance for the academy. The ESFA recommends using the Crescent Purchasing Consortium to obtain insurance cover for academies.

## 15. **DIRECTORS' WHISTLEBLOWING POLICY**

The academy trust must have appropriate procedures in place for whistleblowing, to protect staff who report individuals they believe are doing something wrong or illegal; including making sure all staff are aware to whom they can report their concerns (at least one trustee and one member of staff) and the way in which such concerns will be managed as per sections 2.43 - 2.48 of the AFH 2020. This document is a public commitment by the Board of Directors that concerns are taken seriously, will be acted upon and responded to properly and fairly.

The Trusts whistleblowing procedure is published on the School website.

Existing good practice within the academy in terms of its systems of internal control, both financial and non-financial and the external regulatory environment in which the academy operates will ensure that cases of malpractice rarely occur. This whistleblowing policy is provided as a reference document to establish a framework within which issues can be raised confidentially internally, and if necessary, outside the management structure of the academy.

### 15.1 **Directors' Statement**

The Directors of TVILearning are committed to tackling all forms of malpractice, fraud etc. and treat these issues seriously. The Directors recognise that some concerns may be extremely sensitive and have therefore developed a system which allows for the confidential raising of concerns within the academy environment but also has recourse to an external party outside the management structure of the academy.

- 15.12 The Directors are committed to creating a climate of trust and openness so that a person who has a genuine concern or suspicion can raise the matter with full confidence that the matter will be appropriately considered and resolved. The provisions of the policy apply to matters of suspected malpractice and fraud and not matters of more general grievance which would be dealt with under the academy's grievance procedures.

### 15.2 **Background and Context**

This policy on 'whistleblowing' has the following background and context:

- (a) Any version of the code adopted by the Board of Directors will form part of the Conditions of Employment. The code currently states:

“Academy employees are expected to give the highest possible standard of service to the public through the performance of their duties. Employees will be expected through agreed procedures and without fear of recrimination, to bring to the attention of their line manager any deficiency in the provision of service.

Employees must report to the appropriate manager any impropriety or breach of procedure.”

- (b) The legal background relating to “whistleblowing” is covered by the Public Interest Disclosure Act 1998 which affords protection against dismissal penalty where an employee discloses in good faith, with reasonable grounds for belief in the disclosure, certain information relating to the following examples:-

Malpractice	Fraud
Failure to comply with legal obligations	Manipulation of accounting records / finances
Child protection issues	Inappropriate use of academy assets / funds
Miscarriages of justice	Decision making for personal gain
Criminal offences	Abuse of position to influence decisions
Danger to Health & Safety	Fraud and deceit
Damage to the environment	
Concealment of evidence relating to the above	

- (c) This policy sets out the agreed procedures that should be followed where employees have concerns about what they regard as such impropriety or neglect of duty. Such breaches of acceptable standards may be in relation to ethical or professional standards, as well as the academy’s expectations on money, gifts, hospitality, health and safety and welfare, equal opportunities, relationships and outside interests. The Code of Conduct gives greater details.
- (d) This procedure should be used where concern is about the consequences for other employees or the public. If the concern is about the individual being disadvantaged, by the action or failure to take action, then that should be pursued through the Academy’s Grievance Procedure.

### 15.3 What Should an Individual Do if “Whistleblowing”?

- 15.31 Judgement will need to be exercised here if the inaction or lapse of standards seems to be minor, then it may well be sufficient just to bring the matter to the attention of the employee who appears to be at fault.
- 15.32 If the matter is more significant, particularly if it involves breaches of the academy’s Code of Conduct or where a previous informal response has been apparently disregarded, then the matter should be raised formally with the line manager and as a matter of urgency if it appears serious. If given verbally, confirmation of the complaint should be made in writing as soon as possible.
- 15.33 Where the complaint concerns the line manager, or having made the report it is believed that appropriate action has not been taken then the complaint should be brought to the attention of a more senior manager.
- 15.34 If it is believed that fraud, theft or other potential gross misconduct is involved; the matter should be raised quickly as mentioned above. It must not be mentioned to the subject of the complaint or other colleagues as this could prejudice subsequent investigation.

- 15.35 The Academy Trust must notify the Secretary of State via the ESFA of any instances of fraud, theft or irregularity where the value exceeds £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, must also be reported. The information required is listed in section 6.11 of AFH 2020.
- 15.36 Where there are genuine and justified suspicions of wrong doing, even though at the time of “whistleblowing” there is no concrete evidence of serious wrong doing, this should not deter anyone from going ahead and reporting the matter, particularly where it may involve potential risk to vulnerable people.
- 15.37 The Governing Body encourages the “whistleblower” to raise the matter internally in the first instance to allow those academy staff and governors in positions of responsibility and authority the opportunity to right the wrong and give an explanation for the behaviour or activity.

The Governing Body has designated a number of individuals to specifically deal with whistleblowing and if the “whistleblower” feels that appropriate action has not been undertaken after following the actions in paragraphs (b) and (c) above then the matter should be referred to one of the individuals shown below:-

Headteacher  
Chair of Directors  
Responsible Officer

- 15.38 The “whistleblower” may prefer to raise the matter in person, by telephone or in written form marked “private and confidential” and addressed to one of the above named individuals. All matters will be treated in strict confidence and anonymity will be respected wherever possible. Alternatively if the “whistleblower” considers the matter too serious or sensitive to raise within the internal environment of the academy, the matter should be directed to the ESFA.
- 15.39 In addition, information and advice can be obtained from the charity – **Protect**. This charity offers free legal advice in certain circumstances about serious malpractice at work. Their literature states that matters are handled in strict confidence and without obligation.

Contact details for the charity are as follows:

Protect -The Green House, 244-254 Cambridge Health Road, London E2 9DA

Email: [whistle@protect-advice.org.uk](mailto:whistle@protect-advice.org.uk)

Protect Advice Line 020 31172520 (Option 1)

Business Support: 020 3117 2520 (Option 2)

#### 15.4 What Should a Line Manager Do When a Complaint is Received?

- 15.41 It is essential that problems raised are tackled effectively and quickly and with the aim of righting wrongs, this may well be best achieved in many less serious cases by discussion with the “offending” employee and securing a commitment as to future standards and corrective action. In other more serious cases, the matter may well have to be referred to a senior manager. It may be necessary to instigate disciplinary proceedings.
- 15.42 Complaints received from outside of the academy environment must be dealt with by following the procedures as outlined in the academy’s own Code of Conduct / Complaints Policy.

- Any written complaint / allegation should be given a written acknowledgement and confirmation that the matter will be looked into. Unless clearly made in a very low key way about minor matters, verbal complaints/allegations should receive a written acknowledgement in the same way.
- In the event of the allegation being of a serious nature e.g. relating to a fraud or other gross misconduct offence, there may well be a need to involve other organisations immediately –
- see paragraph no. 15.35. This should normally be agreed initially by the Chair of Directors and / or the Headteacher who, in turn, should keep the School Business Manager informed.

15.43 When any complaint or allegation has been looked into and resolved or dealt with, the person who raised the matter in the first instance should be notified – normally in writing unless common-sense indicates that it can be done more appropriately verbally. How much detail to provide in such cases is a matter of judgement.

## **15.5 Protecting “Whistleblowers” and Complainants**

15.51 “Whistleblowers” have an expectation that their identity can be kept concealed. In the majority of cases this may be possible, but in more serious cases where disciplinary action may have to be taken against an individual, it may well be judged that they have a right to know the source as well as the nature of such complaints. In any case the Governing Body is committed to doing as much as possible to ensure that the wellbeing of the “whistleblower” at work does not suffer as a result of the tensions that may result from the making of or investigation of complaints.

15.52 Individuals are encouraged to bring to the attention of their managers any harassment or victimisation they may suffer as a result of whistleblowing. All necessary action will be taken to ensure that such harassment or victimisation is stopped.

15.53 It may be that “whistleblowers” will find the process of reporting wrong-doing and making statements etc. stressful, particularly where there may be feelings of divided loyalties. In such cases the opportunity should be given for the “whistleblower” to talk through these anxieties and feelings, either with their manager or possibly, someone from an external counselling service. The Governing Body encourages this action.

## **15.6 Individuals Receiving a Complaint about Themselves**

15.61 If the complaint or allegation is at all significant or made in a formal way, particularly by a member of the public or other external users, then the line manager, or Chair of Governors in the case of a Headteacher / Principal, should be informed even if it is believed that the complaint is groundless or unjustified.

15.62 Where a complaint or “grumble” clearly does not justify the issue being pursued in this way, then a brief file note or diary entry will often be appropriate and in the best interests of the individual.

## **15.7 A Sense of Perspective**

As stated in the Code of Conduct, all staff have an obligation under the code to raise concerns where it is seen that proper standards have clearly been breached or ignored. Nevertheless it is important that where deficiencies in service provision standards are involved rather than in areas of malpractice, staff should satisfy themselves that the failing is serious and that the potential disadvantage to the academy or public is significant. Any unnecessary over-zealous reporting might be inappropriate and counter-productive. However, Governors re-iterate that individual staff members are encouraged to raise genuine concerns with the knowledge that they will be taken seriously.

## 15.8 Malicious Accusations

If on investigation, it is considered that an individual has made malicious allegations without any real substance, then these too will be taken seriously and may constitute a disciplinary offence or require some other form of penalty appropriate to the circumstances.